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Supplement

China

FBIS-CHI-87-059S
Monday
28 March 1988

China
SUPPLEMENT

FBIS-CHI-88-059 28 March 1988

CONTENTS

SEVENTH NPC, CPPCC CONTINUE

Li Peng Delivers Government Work Report to NPC 1
Reactions to Li's Government Work Report to NPC 24
XINHUA Reports Nationwide Reactions 24
ZHONGGUO XINWEN SHE Comments 24
Discussions More 'Critical', 'Creative' 25
Deputies Deliberate Report 25
Various Groups Examine Report 27
Guangdong Supports Open Policy 27
Army Deputies Praise Objectiveness 28
Shandong Governor Urges Compliance 28
Beijing Deputies on Price Hikes 29
Tibetans Urge Favorable Policies 29
Shanghai Group on Intellectuals 30
Hong Kong, Macao View Report 30
Hubei Deputies Discuss Report 30
Yunnan Deputy on Regional Law 31
Tianjian Urges International Port 31
Gansu Leader on Development Zone 32
Shanxi Deputies Cite Report 32
Hunan Stresses Reform Measures 33
Henan Deputies Encouraged 33
Shaanxi Deputies Discuss Reform 34
Yunnan Urges More Interior Aid 34
Liaoning Deputy on Agriculture 34
Deng, NPC Leaders Before Opening Session 35
NPC Session Affirms Zhao Ziyang Resignation 36
Yao Yilin Gives Report on 1987 Economy to NPC 36
Reasons for 1987 Price Rises 37
Yao Yilin Outlines 1988 Economic, Social Targets 37
Speaks on Industrial Construction 38
Stresses Agricultural Production 38
Finance Minister on 1987 Budget Implementation 39
Finance Minister Presents 1988 Draft State Budget 39
Comments on 1988 Budget *[Hong Kong SOUTH CHINA MORNING POST 27 Mar]* 40
NPC Session Holds Second Meeting 26 Mar 41
Song Ping Describes Restructuring State Council 43
Outstanding Features of Changes 45
Song Explains Restructuring 46
More on Restructuring 46
WEN WEI PO on Reorganization *[Hong Kong 28 Mar]* 47
NPC Adopts Rules on Resolutions, Special Committees 48
NPC Special Committees Elected Over Opposition 48
Session Approves Members 49
Namelists of Special Committees 50
NPC Presidium Discusses Macao Issue 51
'Heated' Discussions as NPC Session Televised 51
National Papers Highlight NPC Session 52
NPC Session Draws Attention of Millions 52
Army Deputy Urges More Discussion With Ministers 53
Veteran NPC Deputies Recall Earlier Sessions 53

NPC, CPPCC Sessions To Recess 27 March 54
Sessions To Resume 28 March 54
Members Concerned Over Accidents 54
Hong Kong, Macao Members Feted 55
'Social Activist' Urges Reform 56
Seventh CPPCC National Committee Meets 56
Work Report Delivered 59
Members Discuss Improvements 59
Hong Kong, Macao Members Speak 60
64 Members From Taiwan 60
Members' Activities Reported 60
Dissident Meets Newsmen 60

Li Peng Delivers Government Work Report to NPC

HK250858 Beijing Domestic Service in Mandarin 0709 GMT 25 Mar 88

["Report on the Work of the Government," delivered by Acting Premier Li Peng at the First Session of the Seventh National People's Congress in the Great Hall of the People, Beijing—live]

[Text] Deputies,

On behalf of the State Council, I will now deliver the Government Work Report to the session for examination and approval.

1. Basic Summation of Work in the Country in the Past 5 Years [subhead]

During the period of the Sixth NPC, the State Council, under the leadership of Premier Zhao Ziyang, earnestly implemented the line of the CPC and resolutions adopted at the NPC and achieved universally acknowledged resolutions in all fields. The people of various nationalities throughout the country united as one and forged ahead, filling China's socialist modernization with vitality and vigor. Radical changes have taken place in our country. [applause]

In the past 5 years, promoted by reform and opening up, China's national economy has developed continuously, and the general situation is excellent. China's economic strength has continued to grow considerably; its GNP reached some 1,092 billion yuan in 1987, and its average annual economic growth rate was 11.1 percent, based on the calculation of comparable prices. China's economic growth rate was relatively high, and its economic fluctuation range was relatively small. China's total national income reached some 915.3 billion yuan in 1987, an average annual increase rate of 10.7 percent, based on the calculation of comparable prices. China's financial income totaled some 224.36 billion yuan in 1987, an average annual increase rate of 12.9 percent. China's budgetary fund reached some 193 billion yuan in 1987, an average annual increase rate of 19.2 percent.

The output of China's principal products, such as grain, cotton, steel, coal, electricity, petroleum, chemical fertilizers, cement, chemical fibres, cotton yarn, and cotton cloth, and its transportation and communications volume all increased by a relatively big margin. The new fixed assets of enterprises owned by the whole people have reached some 585.4 billion yuan, thus providing a material and technological basis for China's further economic development.

The major proportionate relationships in the national economy have further become harmonious. Our macroeconomic results have improved. The all-personnel labor productivity of industrial enterprises has increased by an average annual rate of 6.5 percent. Both the turnover rate of circulating funds of fixed assets and the utilization rate of fixed assets have increased.

The varieties of industrial products have increased, and the quality of major industrial products has improved. The material consumption rate in industrial production has dropped, and the energy saved in the past 5 years was equivalent to 160 million tons of standard coal.

The improvement of macroeconomic results has created favorable conditions for the national economy to gradually switch to a benign circle.

The people's living standards in both the urban and rural areas have been further upgraded. The per capita net income of peasants has increased from 270 yuan in 1982 to 463 yuan in 1987, with an average annual growth rate of 8.6 percent after adjustment for price increases.

The per capita annual living expenses of urban residents increased from 494.5 yuan in 1982 to 916 yuan in 1987, with an average annual growth rate of 6.3 percent after adjustment for price increases.

Both urban and rural markets have been brisk and flourishing. The supply of consumer goods has increased remarkably. Residential houses totalling some 850 million square meters of floor area have been built in cities and towns for workers and office staff, while houses totalling some 3.9 billion square meters of floor area have been built in the countryside. The housing situation for both urban and rural residents has thus improved.

Some 37 million people in cities and towns throughout the country were provided jobs, thus basically solving the long-standing problem of employment for young people there. Poor areas have made much progress in eliminating poverty.

In the past 5 years, we conducted the economic structural reform in an all-around way, first in the countryside and then in cities, achieving important progress and accumulating plentiful experience.

Rural reform continued to develop in-depth. While improving the contracted responsibility system on the household basis with remuneration linked to output, we have greatly developed township enterprises, various social services, and combined occupations which are managed at the same time.

The initial reform of the system of unified and assigned purchases of agricultural and sideline products has aroused the enthusiasm of the vast number of peasants for developing the commodity economy. In economically developed areas and the suburban areas of large cities, crop cultivation, fish breeding, and poultry raising have developed at a moderate scale. A pattern of intensive operation of modern agriculture has appeared.

Urban reform has been conducted closely around the central link of invigorating enterprises. On the basis of giving more decisionmaking power to enterprises, we have actively promoted various types of management responsibility systems, such as the contracted management responsibility system and the lease management responsibility system. We have tried out the shares system, promoting enterprises to become relatively independent commodity produceys and operators. Within enterprises, we have instituted the manager responsibility system and the manager's office term target responsibility system. We have also strengthened management of the system of fixed production quotas, and we have strengthened economic accounting. The labor and distribution systems have been reformed. As a result, enterprises have formed an operational mechanism conducive to the development of the commodity economy.

While enlivening the consumer goods market, we have gradually developed the market of production means, opened up finance, technology, labor services, and real estate markets, made significant explorations and experiments in reform of the price system, and vigorously developed the horizontal economic combination of enterprises, areas, and departments.

The socialist market system is graduaily taking shape and the market mechanism is beginning to manifest its important role in the operation of the national economy.

Energetically carry out the macroeconomic management reform. We have conducted different degrees of reform in the structures of planning, investment, goods and materials, finance, taxation, banking, and foreign trade and have started making the transition from emphasis on direct control to emphasis on indirect control.

On the system of ownership, while vigorously developing the economic sector under ownership by the whole people, the urban and rural collective economy, and the cooperative economy, we have encouraged development of the individual and private economies, as well as Sino-foreign joint ventures, cooperative enterprises, and foreign-owned enterprises. We have gradually developed an ownership structure with diversified economic sectors and forms in which public ownership plays the leading role.

We have also done much to strengthen the economic legal system and the supervision of finance, taxation, pricing, banking, auditing, customs, and industrial and commercial administration.

Over the past 5 years, under the impetus of the reform of the economic structure, reforms have gradually been launched in the fields of science and technology, education, culture, and politics. They have increasingly manifested their important roles. Through the reform of the scientific and technological structure, we have started to introduce the competition mechanism into the field of science and technology. This has aroused the initiative of the vast numbers of scientists and technicians and stimulated development of science and technology. The patent system has been established, the technical market is rising vigorously, and the association between scientific research institutes, institutions of higher learning, and enterprises has constantly developed. Various types of scientific and technological enterprises and people-run scientific research institutes, which are responsible for their profits and losses and which integrate technology, industry, and commerce, have emerged in large numbers. The situation of the state unitarily running scientific research has begun to change. Over the past 5 years, the nation has carried out over 50,000 major scientific and technological projects, some of which are up to advanced world standards.

Through the reform of the educational structure, various types of educational undertakings have been developed and strengthened. By instituting the system of local responsibility and management at different levels in basic education, we have aroused the initiative of the localities, departments, and enterprises in running schools. With the implementation of the Compulsory Education Law, the conditions for running middle and primary schools have improved. The quality of teachers has improved and vocational education has developed rapidly. The reform of higher education has gradually been launched, which has stimulated development of teaching and scientific research. We have sent large numbers of different kinds of personnel to study abroad and strengthened and improved the work of managing and serving students studying abroad. Adult education has initially developed into a system, and in-post training of in-service workers and staff members has been strengthened. Considerable achievements have been attained in preschool education, education of the handicapped, and anti-illiteracy work. Literature, art, the press, publishing, radio, films, television, and other cultural undertakings and public health and sports efforts have flourished and constantly scored new successes in reform.

The building of a socialist democracy and legal system has gradually been strengthened. Governments at all levels have made progress in accepting the supervision of people's congresses and have made great efforts to reflect the people's will and demands in their work. By gradually strengthening and improving democratic management, many enterprises and institutions have aroused the initiative and enthusiasm of the workers and staff members. In the rural areas, we have separated government administration from commune management and set up township governments. Many self-governed villagers' organizations have gradually played the role of self-education and self-management by the masses. Governments at all levels and the relevant departments have made great efforts to s. p up the building of the legal system.

Over the past 5 years, the State Council has submitted 30 laws to the NPC Standing Committee for examination and approval. The State Council has formulated and

promulgated 255 administrative laws and regulations. The legal systems in various fields are gradually being perfected. Enforcement of the law and judiciary work have been strengthened. Through the popularization of legal knowledge, the masses of people have gradually enhanced their concept of the legal system and their civic consciousness.

Major successes have been achieved in Army reform. We have achieved a strategic shift in the guiding ideology for defense building. The PLA has quickened the pace of revolutionization, modernization, and regularization. The task of reducing the size of the Armed Forces by 1 million has been completed. The quality of officers and soldiers has improved and the national defense equipment has considerably improved. The national defense science and technology and the industrial departments have conscientiously carried out the policy of integrating military and civilian production, achieving remarkable successes. The PLA has made major contributions in defending and supporting the state's socialist construction.

Over the past 5 years, we have constantly expanded the scope of opening up to the outside world, vigorously developed economic and technological exchange and cooperation with foreign countries, and made further efforts to change the previous closed and semi-closed situation. The coastal areas, the open areas, and the special economic zones have achieved remarkable successes in their construction. They have vigorously developed the export-oriented economy and constantly increased their ability to earn foreign exchange through exports. They have played an important role as a window in absorbing foreign capital, introducing advanced technology and scientific management experience, understanding the international market and the producing areas' economic information, and training competent personnel.

Foreign trade has developed by a big margin. In 1987, the total import and export volume of the whole country reached $82.7 billion. The average annual increase was 14.7 percent. The foreign trade market has continued to expand, and trade with both developed and developing countries has increased. Much progress has also been made in readjusting the export product mix, and the percentage of manufactured goods that are exported has continued to increase. Important achievements have been made in the importation of technology. In the past 5 years, more than 10,000 items of advanced technology and equipment for transforming existing enterprises were imported, and nearly $10 billion worth of foreign exchange was used. As a result, the backward situation in many enterprises has been changed, and the technological skills of enterprises have improved. At the same time, China has begun placing its own technology on the foreign market, thus changing the situation of only importing without exporting technology.

Remarkable results have been obtained in using foreign capital. In the past 5 years, China used various forms of foreign loans, totaling $15.38 billion, and absorbed $8.78 billion worth of direct investments by foreign businessmen. Among the 10,000 and more Chinese-foreign joint ventures, cooperatives, and solely foreign-owned enterprises and projects, the percentage of enterprises for production and for export products and those with advanced technology has increased. A number of these enterprises are very well run, and some of these projects have a relatively important bearing on economic construction.

The work of undertaking projects abroad, cooperation in labor services with foreign countries, and international tourism have developed rapidly. In the past 5 years, the work of undertaking projects abroad and cooperating in labor services were carried out in more than 100 countries and regions, and the volume of business was nearly $4 billion. In 1987, the total number of tourists who entered China reached 26,900,000 [as heard], bringing in $1.84 billion in foreign exchange, respectively, 340 and 220 percent over 1982. This has enhanced the international community's understanding of China and the friendship between the Chinese people and people of various countries.

In the past 5 years, the practice of reform and construction powerfully promoted the updating of the people's ideas and concepts and strengthened the building of the socialist spiritual civilization. There has been an impact on the feudal ideas, the force of habit of small-scale production, and some outmoded concepts which lag far behind the development of the situation. New concepts and new ideas compatible with modern scientific and technological progress and the needs of the development of the socialist commodity economy have been spread and strengthened. The idea of concentrating efforts on developing productive forces has more and more become the starting point in considering various problems and the criterion for assessing the result of work in all aspects. The majority of cadres and people have enthusiastically taken part in the reform, and an irreversible tide has been formed. [applause]

In the course of upholding the four cardinal principles and pushing forward reform and opening up, the building of socialist spiritual civilization has been strengthened. The enthusiasm of the broad masses of people in participating in the administration of the state and management of enterprises and establishments is growing with each passing day. The people's activities of building spiritual civilization have continuously developed. Large numbers of advanced people have emerged who have actively blazed new trails for construction and reform and made valuable contributions through their hard work. Theoretical social science workers have made gratifying achievements and have put forward useful views on many important questions in construction and reform. Here, I would like to point out in particular that in 1987, which has just ended, a good momentum was maintained in the development of China's national economy. The gross industrial output value of the whole country increased by 14.6 percent. Easily marketable products increased by a big margin. The economic

results of enterprises increased markedly. The gross social output value of the rural areas increased by 12.7 percent. The gross grain output increased by 10.9 billion kg, reaching 402.4 billion kg. Foreign trade and exports increased by 27.8 percent. The state's foreign exchange reserves rose. Of course, the economic situation remained rather strained. However, as compared with the previous year, some long-standing factors causing instability were tending to become weaker. Last year's situation shows that if we implement the contracted management responsibility system in enterprises in an overall manner and correctly give play to the role of readjustment and control of state investment, credit, and consumption funds, and integrate the work of stabilizing the economy and deepening reform, it is possible to gradually unify speed with results and enliven the microeconomy with control of the macroeconomy. If the same road is followed, there is a very good chance of achieving long-term steady economic growth. [applause]

Deputies, during the period of the Sixth NPC, we quite successfully fulfilled the Sixth 5-Year Plan. The situation in the implementation of the Seventh 5-Year Plan in the past 2 years has also been good. In the past 5 years, achievements made in various aspects in our country are the result of the unity and hard work of the people of all nationalities under the CPC leadership. On behalf of the State Council, I should like to extend my lofty salute to workers, peasants, intellectuals, PLA fighters and commanders, the broad masses of cadres, and people from all walks of life across the country, [applause] and hearty thanks for the support for government work of the people of all nationalities! [applause]

At present, a prominent problem in our country's economy and social life is that prices have risen too high. This has affected improvement of the people's livelihood to a certain extent. The actual standard of living of some urban residents has even gone down. We should understand that the prices of agricultural products, sideline products, and primary products in our country have been on the low side for a long time. The price system is very irrational. In the course of changing the product economy to a commodity economy, we must reform the price system and appropriately raise the prices of agricultural products, sideline products, and primary industrial products. Therefore, a rise in the overall level of prices is to some extent unavoidable in the course of reform and is also required in promoting development of the commodity economy. However, in the past few years, and last year in particular, the range of price rises was too big. This was inseparable from some abnormal factors. Reasons included excessive issuance of banknotes, too large a scale of capital construction, a too rapid increase in consumption funds, and total social demand exceeding total social supply. There were also factors such as some state-run industrial and commercial enterprises taking advantage of their monopoly positions and raising prices without authorization or raising prices in a disguised manner, lax market price management, and profiteers and speculators seizing opportunities to disturb the market. In particular, while the commodity economy was developing rapidly in the rural areas, the law of value was not used in a timely and correct way to guide agricultural production. As a result, fluctuations in the production of grain, pigs, and other agricultural and sideline products occurred, causing some foods to be in short supply and excessive price rises.

The emergence of these factors is also inseparable from the shortcomings and mistakes in our work. Of course, the question of how to correctly make use of the price lever to regulate production and consumption is still a question for our further study and exploration. Recently, through repeated and conscientious discussions, the State Council has decided to adopt the following comprehensive and coordinated measures on the question of commodity prices:

1) to further carry out reform of the irrational price system in a planned way and step by step, gradually readjust the prices of agricultural and sideline products, and rationalize the price parity between industrial products and agricultural and sideline products and that between various agricultural and sideline products so that development of productive forces can be further promoted, 2) starting with increasing supply and restraining demand, to appropriately control growth of commodity prices so that the general level of commodity prices can be kept relatively stable, not exceeding the real capacity of various sectors to bear it, 3) in the rationing of main foodstuffs, to give proper subsidies to staff and workers in light of the real situation of price increases in various areas, 4) to make positive efforts to develop the capital goods market, setting upper limits for the prices of certain important capital goods, 5) to strengthen price control and industrial and commercial administration and perfect the system of social supervision by the masses and to keep all those units and individuals who engage in speculation and profiteering and who violate price control regulations under strict control and punish them according to law [applause]. In order to further explain to the delegates the situation of commodity prices and price reform, the State Administration of Commodity Prices will submit a special report to the Congress. Over the past 5 years, we have made great achievements in various fields, but there are still many difficulties and problems. We have also committed many mistakes in our work. We were overanxious for quick results in economic work, and the trend of neglecting economic returns did exist. Our economic structure is still far from being rational, especially in the fields of energy resources, the supply of raw materials, and communications and telecommunications. The factors for instability have been reduced to a certain extent but have not yet been fundamentally eliminated. Under the condition of coexistence of both the new and old structures and in the course of exploration and improvement, reform is now faced with many new contradictions. The basic economic relations between the central and local authorities, between the state and the enterprises, between the collective and the individual, and between

planning and the market have not yet been handled satisfactorily. Our work in many fields still cannot meet the demands of the development of the socialist planned commodity economy. Along with the opening of the market step by step and the daily increasing circulation of commodities and money, we have worked out many decrees and systems, but some have still not been worked out or perfected, and some have not been strictly carried out. Management and supervision have also lagged behind. Phenomena such as evading taxes, giving and taking bribes, blackmail and extortion, and imitation and forgery have appeared from time to time. Some cadres have taken advantage of their power to seek private gains or have even become corrupt and degenerate. Bureaucratism exists to a serious extent in some government organs. Serious extravagance and waste exist, and very serious work accidents have often appeared in some departments, localities, and enterprises and institutions. All this has brought about great losses to reform and construction and to the people's security and property, which should arouse our great attention and should be solved conscientiously.

Looking back on the past 5 years of construction and reforms, we have gained quite a few good experiences through practice. The following are the most valuable and recommendable experiences: 1) firmly establish the guiding ideology that construction should rely on reform and reform should promote construction, continuing to place reform in the position of overlooking the whole situation. In order to speed up the pace of socialist modernization, concentrating our strength on developing productive forces is the central task for the socialist stage, especially the initial stage of socialism. It is impossible for us to fulfill this task without carrying out reform of the old structures that were established long ago and that do not suit development of productive forces. Therefore, construction should rely on reform, and reform should promote construction. The government has many tasks to perform. Only when reform plays a dominant role in the whole situation can the government control the complicated situation from a commanding height and promote the work in various fields. Our practice in the past 5 years also tells us that since China is an economically and culturally backward developing country in which development is uneven, reform can only be carried out in a situation in which the economy is still not well developed. We must continue to proceed from reality, follow objective laws, and make continuous efforts to solve the contradictions in our socioeconomic life, so as to promote the steady and harmonious development of our economic construction. As to the problems emerging in the course of reform, we must solve them through deepening and perfecting reform. Only in this way can we make construction and reform promote each other and advance in the direction of favoring development of the social productive forces and perfecting the socialist system.

2) Both in construction and reform, we must continue to proceed from reality, emancipate our minds, and respect practice. In our construction and reform, we can neither mechanically copy books and the experiences of other countries nor proceed from our subjective wishes, divorce ourselves from reality, and do as we please. Instead, we must base ourselves on China's national situation, continue to take practice as the criterion of truth, and try to explore our own ways. All the correct construction policies and reform plans worked out since the 3d Plenary Session of the 11th CPC Central Committee are products of emancipating the mind. In the future, further emancipation of the mind will continue to be the precursor of the smooth development of both construction and reform. Emancipating the mind means that we must dare to break with the traditional concepts and conventions that obstruct development of productive forces and with the yoke of rigid ways of thinking. We must resolutely support all things favorable to development of productive forces and resolutely excise all those that are unfavorable to this development. Only thus can social productive forces be further emancipated and our modernization drive be developed vigorously.

3) Our construction and reforms must center on improving economic returns, with the purpose of making continuous advances in science and technology and strengthening modern management. With the deepening of our reforms and the gradual improvement in various economic relations, although there has been a gradual improvement in our country's economic returns, the backward conditions of poor economic returns are far from being eliminated. If we do not solve this problem, it will be impossible for China to achieve the modernization of its economy.

The current economic construction requires large funds. Our structural reforms and our work of improving the people's living standards also require the support of both financial and material resources. The way out for fulfilling these tasks lies in developing production and improving economic returns. Our construction and reforms must regard improving economic returns as their starting point and underlying objective. The successes and failures of one's construction and reforms must be measured by one's work of improving economic returns.

On the premise of making unceasing improvements in economic returns, we must seek to achieve a structurally rational and a relatively high development speed.

To improve economic returns by a big margin and to enable extensive management to get onto the track of intensive management, we must energetically make advances in science and technology, and constantly strengthen scientific management. We must persevere in scoring achievements in this regard. Otherwise, the economic and technological gaps between China and the developed countries will be further broadened, and China will not be able to achieve its proper international standing.

4) In promoting construction and reforms, we must correctly handle relations between objectives and steps, in order to ensure the successful development of construction and reforms. The 13th National CPC Congress

decided on the three-step strategy for economic development by the middle of the next century, defined the objectives of economic structural reforms, and also defined the overall plans for other other structural reforms, especially political structural reforms. Practice has proved and will continue to prove that the objectives of our construction are correct. However, we must not lose sight of the fact that these objectives are, after all, only rough ones [cu xian tiao]. They must be constantly replenished and perfected through practice. Concrete steps for realizing these objectives can only be found by constantly making explorations through practice.

The conditions of the past 5 years show that to realize the objectives of our construction and reforms, it is sometimes necessary for us to advance by a roundabout route. On the one hand, we must uphold the objectives and orientation of our construction and reforms, enhance the morale of our people, and increase our people's confidence. On the other, we must make full ideological preparations against the possible emergence of problems on the road of advance; give full consideration to the abilities of the state, enterprises, and the masses to handle such problems; integrate the practice of acting according to one's capability with the practice of doing everything in one's power; and make progress actively, steadily, and surely.

Economic relations are intricate, and ours is a very large country with conditions varying from place to place. It is impossible for us to formulate perfect plans for construction and reforms now. It is imperative to go through a process of making unceasing improvements.

After deciding on our objectives, we must carefully formulate a plan, gradually define steps for implementing the plan, and do well in conducting tests at selected points. Only after gaining experiences at selected points can we popularize the plan. We must strive to advance steadily.

5) We must properly handle the interests of all circles, and fully mobilize the enthusiasm of the vast numbers of cadres and people. Whether or not our reforms can be further carried out successfully depends to a large extent on the views on and support for reforms as expressed by the vast numbers of cadres and people. It also depends to a large extent on fully mobilizing the enthusiasm of the vast numbers of cadres and people. Fundamentally speaking, our reforms will greatly liberate the productive forces, enable the people to gain new interests and to enjoy higher living standards, and will surely win the support of the people. However, reforms mean a long-term, complicated regimen of practice. To bring about the birth of a new system and its perfection, and to achieve successes in reforms, we must work very hard and we may even have to pay a huge price. Those who hope to achieve successes in reforms without making any real effort are cherishing unrealistic hopes. The reforms will finally bring about great benefits for all the Chinese people. However, some concrete measures adopted for promoting reforms cannot immediately bring about benefits for all the Chinese people. It is actually possible that for a certain period of time, some of these measures will adversely affect the interests of some people. We must understand this issue, pay close attention to the emergence of all frictions and loopholes during the process of reforms, and conscientiously study ways to eliminate these frictions and loopholes.

We will resolutely protect all the incomes gained by getting paid according to work, by working hard, and by operating legal undertakings. However, regarding excessively high incomes, we must properly readjust such incomes through legislation and tax measures. We must also resolutely punish according to the law those who have violated the law and discipline and illegally reaped staggering and colossal profits. At the same time, we must energetically strengthen the propaganda in the media about the reforms; help the vast numbers of people understand the contents, significance, and necessity of the measures adopted to promote the reforms; bring about more suggestions for reforms; and enable the people to support and participate in the reforms on a voluntary basis.

Cadres at all levels, leading cadres in particular, are entrusted with the important historical task of leading the reform. During the promotion of the reform, they must walk in the forefront of all reforms, and lead the masses in making progress. In promoting both construction and reform, we must properly handle the interests affecting the state, the collective, and the individual, the interests affecting the central and the local authorities, the interests affecting the urban and the rural areas, the interests affecting different departments, and the interests affecting the coastal and developed areas and the interior and the outlying areas. In handling such interests, it is imperative to do a better job of making overall plans and taking all factors into consideration.

2. Goals, Guiding Principles, and Tasks for Construction and Reform in the Next 5 Years [subhead]

The 13th CPC National Congress formulated a grand blueprint for China's socialist modernization program. The next 5 years will be the 5 crucial years for implementing the spirit of the 13th CPC National Congress, realizing the change from old systems to new ones, and taking the second strategic step in the promotion of economic development. In the next 5 years, we must speed up and deepen reform, promote the development of productive forces, realize the Seventh 5-Year Plan, and formulate and implement the Eighth 5-Year Plan. By 1992, on the basis of constantly improving economic returns, we must enable our GNP to reach about 1,550 billion yuan, with an average annual growth rate of about 7.5 percent. This growth rate is roughly the same growth rate set in the Seventh 5-Year Plan. Judging from the current conditions and trends of economic development in our country, we can see that it is entirely possible for us to realize these goals. With the realization of these goals, China's GNP will register a 170-percent increase

compared with 1980, thus laying a solid foundation for quadrupling the GNP and enabling the people to achieve a relatively comfortable standard of living by the end of this century. The fundamental guarantee for realizing the goal of China's economic and social development lies in unswervingly implementing the party's line for the initial stage of socialism, insisting on having economic construction as the center, and upholding the four cardinal principles and the policy on reform and opening up.

Government work in the next 5 years must fully embody this general guiding idea, and we must firmly grasp the following guideline: Regard reform as dominating the overall situation and integrate reform and development still more closely, so that the two can match and stimulate each other still better; seriously implement the strategy of long-term stability in economic development; focus still more on the development and reform of science and technology and education; speed up the development of the export-oriented economy in the coastal regions; further promote the economic prosperity of the whole country and enhance the level of modernization; while speeding up and deepening economic structural reforms, actively and steadily carry out political structural reforms; step up the building of socialist democracy and the legal system, to consolidate and develop the political situation of stability and unity; vigorously step up the building of socialist spiritual civilization centered around economic construction, to provide the ideological guarantee and brain-power support for economic construction; and gradually form an excellent social atmosphere suited to the demands of socialism.

The departments of the State Council, all localities, and all enterprises and undertakings must establish the concept of the overall situation in accordance with these demands. At the same time, they must fully display spontaneity, initiative, and creativity in their own work. In this way, China's socialist modernization will be more imbued with vitality and vigor, and our socialist society will develop in a still more coordinated and steady way.

In light of these goals of endeavor and work guidelines, the State Council must strive to fulfill the following 10 main tasks in the next 5 years:

1) Vigorously develop agricultural production and step up the construction of primary industry and infrastructure, so as to maintain sustained and steady national economic growth. The steady growth of agriculture, especially grain production, is the foundation of long-term stable growth of the entire national economy. China must strive to raise its grain output to 500 billion kg by the end of the century, increasing output by an average of 8 billion kg each year. At the same time, we must actively develop industrial crops such as cotton, oil-bearing crops, and sugar, and develop animal husbandry and aquatic production. On average there is only 1 and 1/2 mu of farmland per person in China. The task of meeting the requirements placed on agricultural and sideline produce by national construction and the people's daily life, and shifting from having enough to eat and wear to enjoying a comfortably well-off living standard, is very arduous, but we must work hard to accomplish this. Rural China is now switching from a self-sufficient and semi-self-sufficient economy to the commodity economy. The new situations and problems currently arising in rural production should be resolved in the course of developing the commodity economy, in accordance with the law of value. This is an important guiding idea that we must firmly establish in rural work. In the next 5 years, we must vigorously consolidate and develop the fruits of rural reforms, continue to promote reforms of the purchasing system for agricultural and sideline products, gradually smooth the price relationships, invigorate circulation, and improve pre-, mid-, and post-production services, so as to stimulate the initiative of the peasants fully in developing agriculture, especially grain production.

It is necessary to step up investment in agriculture, to improve the material and technological conditions for agriculture, and to boost the reserve strength for agricultural development. We must step up water conservancy construction on farmland, seriously carry out work to harness the great rivers, strive to increase the forest cover, and improve the capacity to guard against such natural disasters as floods, drought, wind, and insect pests. We must also take effective steps to resolutely put a stop to the phenomenon of indiscriminate occupation of farmland.

The dry areas in North China must actively popularize drought-resistant, high-yielding crops and develop science and technology for reaping stable and high yields on dry land. Areas where the conditions are not right must not blindly pursue water conservancy construction.

We must actively support the poor regions in extricating themselves from poverty and getting rich, and strive for still more practical results there.

As our national strength grows, the state will gradually increase investments in agriculture, and still more local finances should be spent on agriculture. In particular, we must guide the township and village cooperative organizations and the peasant households actively in increasing accumulation and investment in agriculture, to increase the capacity of agriculture for self-development. Hence, while continuing to regard the household contract responsibility system with payment linked to output as the basis, we should draw up policies for further stimulating the peasants' initiative and enhance the peasants' feeling of trust and stability regarding the policies, so that they will establish the development concept of long-term operations.

Through expanding and improving a number of chemical fertilizer plants, we should strive to increase our production capacity of standard fertilizer by 15 million tons in the next 5 years. This is an important measure for boosting the reserve strength of agriculture. We must also popularize scientific methods of applying fertilizer

and advocate the use of more domestic manure in order to improve soil fertility. We must also increase the supplies of diesel fuel for agriculture and boost the production and supply of agricultural plastic sheeting, machines, and tools.

Township and town enterprises have developed rapidly in recent years. They have already become a main pillar of the rural economy and an important component of the national economy. They not only provide employment opportunities for surplus rural manpower but also help to promote intensive agricultural operations and modernization. They have opened a new way for achieving industrialization with Chinese characteristics.

We must certainly not slacken agricultural production, especially in grain, just because of the readjustment of the rural production structure. Neither can we slacken readjustment of the agricultural production structure just because of the stress on grain production. In the future, readjustment of the rural production structure must develop in two aspects: First, the exploitation of resources. We must work hard on the shorelands, waters, hilly and mountainous areas, and medium- and low-yielding farmland; step up the building of the grasslands; resolutely protect and rationally use forestry resources; promote aquiculture in the inland waters and along the coast; and develop agriculture, forestry, animal husbandry, and fisheries in an all-round way. Second, we must continue to develop the township and town enterprises and social services undertakings in light of local resources and social conditions, turning them into an important force for supporting the development of agricultural production.

In short, we must integrate the abundant manpower and natural resources in the rural areas, and integrate the development of the urban and rural economy and the development of the domestically-geared economy with the export-oriented economy to enable China's rural economy to maintain vigorous and prosperous development for a long time.

The fundamental way out for China's agriculture lies in switching from traditional to modern agriculture. The operations on a substantial scale that have started to appear in certain economically developed areas and the outskirts of large cities in recent years, hallmarked by intensive operations, represent the essential trend and orientation for development of China's rural economy. Only by promoting operations on a substantial scale can we better apply the fruits of science and technology; achieve a rational combination of laborers, land, technology, and equipment; and gain optimum economic returns. The development of operations on a substantial scale must be suited to the level of development of the productive forces and be conditioned by the situation in the switchover of surplus agricultural manpower, the degree of rural mechanization, and the development of socialized services setup. We must certainly not rush into mass action, issue compulsory orders, or spoil things through excessive enthusiasm. Primary industry and infrastructure constitute a weak link in China's economy. In strengthening the building of primary industry and infrastructure, we must carry out the necessary technological transformation, expansion, and construction on the basis of improving management, fully tapping production potentials, and paying attention to economy in resources and capital.

In building up primary industry, we must first speed up energy construction, centered on electric power. We must give full scope to the initiative of the central and local authorities and the enterprises in operating electricity and strive to install an average of 9 million kilowatts in new capacity each year. We must correspondingly carry out matching construction for power transmission and distribution. There should be a marked easing of the power shortage within 5 years.

In the coal industry, while gradually expanding mine construction, we should continue to get a good grasp on technological transformation and matching improvements in mines under unified central planning and local and township and town mines. We should strive to improve the quality of coal and ensure an annual output increase of over 30 million tons.

In the petroleum industry, we should step up both land and off-shore surveys and prospecting and strive to find some new oil and gas reserves as soon as possible. The old oilfields should actively tap potentials and continue to maintain stable output. At the same time, we must step up the exploitation and construction of new fields and strive for an annual output increase of 3 million tons of crude oil.

We must speed up the development of the raw materials industry, raise our self-sufficiency, increase variety, and improve quality. We must pay attention to the economic and rational use of raw materials, tap potentials and expand capacity through technological transformation, and increase steel output by over 2.5 million tons each year. There should also be relatively great output increases of nonferrous metals, chemical raw materials, and building materials.

We must speed up the construction of communications and transport and posts and telecommunications, actively develop comprehensive transport, and organically integrate the transport facilities of railroads, roads, waterways, aviation, and pipelines, with the appropriate division of labor and rational sharing of the burden. We should strive to improve the comprehensive economic returns of transport.

In railroad construction we should focus on improving the transport of coal out of Shanxi and the traffic capacity of certain bottlenecks, actively improve old lines, and build the urgently needed new ones. We should increase transport capacity by over 40 mwllion tons each year.

We must continue to improve the construction of coastal ports and highways, take full advantage of China's strong points in having a long coastline and many inland waterways on rivers and lakes, and bring about relatively great development in waterway transport. At the same time, we should further expand ocean transport in the service of developing foreign trade.

Civil aviation is a modern transport means. We must further expand its transport capacity and do a good job in building the airports under construction and improving the existing aviation facilities.

We must speed up the development of posts and telecommunications, ease somewhat the shortage of telephones in large and medium-sized cities, and further improve our capacity in long-distance and international telecommunications.

We must vigorously enliven the machine-building and electronics industries, and promote lateral ties and cooperation between specialized units, in order to provide more advanced technological equipment for the technological transformation of the entire national economy and the expansion of exports.

The light and textile industries should upgrade their products and increase variety to meet the consumption needs of the people. They should also strive to put more products on the international market.

Whether in industrial production, communications and transport, or capital construction, we must practice the guideline of putting safety first and focusing on prevention, and pay great attention to production safety. We must strictly enforce labor discipline, seriously observe rules and regulations, and prevent the occurrence of bad accidents.

To maintain the sustained development of the national economy, we must follow for a long time the guideline of stable economic development. In achieving stable economic development, we must strive to attain unity of growth rate and economic returns. We should maintain an appropriate growth rate. It is no good being too fast or too slow either. In recent years, there has been too much capital construction, while purchases by social groups and individual consumption funds have risen too fast. The amount of currency in circulation and the growth of financial spending constitute an important factor affecting stable economic development. Hence, we must work hard at the two aspects of controlling demand and increasing supply, and strive for a rough balance between total social supply and total social demand.

The State Council will, in economic work, devote the greatest efforts to opening up new sources of finance and to increasing revenue and controlling expenditures, to ensure that the financial deficit will not exceed the sum laid down by the plans. We must strictly control the amount of currency in circulation and rationally arrange the amount of credit and loans, to ensure that currency in circulation matches economic growth. We must strictly control the size of investment and rationally readjust the investment structure, resolutely cut investments not covered by the plans, and cut ordinary and nonproductive construction, to ensure the essential key construction projects and technological transformation.

We should improve the people's living standards under the premise of developing production and improving economic returns. We must corrspondingly control the growth of consumption funds. While developing agricultural production and increasing the supplies of agricultural and sideline products, we must vigorously increase the output of industrial consumer goods for daily use, especially fine-quality and brandname products and commodities in high demand in the markets. The commercial departments must do a good job of organizing market supplies and give scope to the role of state-owned commerce in holding prices down.

The movement to increase production and practice economy and increase revenue and economize expenditures that has unfolded throughout the country since last year has gained notable success. However, its development is very uneven, and there are very great potentials to be tapped. We must launch this movement in an extensive, thorough, and sustained way.

2) It is necessary to accelerate the development and reform of scientific and technological and educational undertakings and to really put economic construction on the path of relying on scientific and technological progress and improving the quality of workers. Science and technology are the key to achieving the four modernizations, and education is the foundation for doing so. The development of productive forces, the improvement of economic results, and even the progress of society as a whole cannot be realized without the development of scientific and technological and educational undertakings. Therefore, promoting scientific and technological progress and stepping up the development of intellectual resources are not only the work of scientific and technological and educational circles but a major task for society as a whole. [applause]

Governments at all levels, as well as all localities, departments, and people in all trades and professions, must persistently give first priority to the development of scientific and technological and educational undertakings. They must take correct policy measures and most enthusiastically strive to effectively carry out this major task. [applause]

On a proposal by the 13th CPC National Congress, the State Council has instructed the State Science and Technology Commission and relevant departments to work out as soon as possible medium- and long-term programs for scientific and technological development and to define its strategic objectives and priorities and the

measures for carrying out such programs in order to mobilize and organize all forces in the country to practically and effectively promote the technological progress of the national economy.

Promoting scientific and technological progress must start with the deepening of structural reform. We should encourage more and more scientists and technicians to directly serve economic construction and shorten the time it takes to turn scientific and technological achievements into productive forces. Continuous efforts should be made to improve the science and technology market and to speed up the process of commercializing scientific and technological achievements. It is necessary to guide and promote the association of scientific research units with production enterprises, to further relax policies toward scientists and technicians, and to support and encourage more scientists and technicians to contract technical projects or provide technical services on the frontlines of industrial and agricultural production or in urban, rural, border, remote, or poverty-stricken areas. Necessary financial, material, and human resources should be used to tackle major and difficult scientific and technological problems and conduct industrial experiments concerning major projects in developing the national economy, such as agriculture, energy, communications, transportation, postal service, telecommunications, the supply of raw and semifinished materials, machine building, and electronics industry. Advanced technology and equipment should be used to transform enterprises, especially big and medium-sized ones. Vigorous efforts should be made to raise funds from society to carry out the spark program. We should maintain a crack contingent of high-standard researchers who will continue to step up basic and applied research in order to promote the development of new and advanced technologies and to prepare conditions for developing the national economy toward a higher level.

It is necessary to conscientiously implement the patent law, to encourage and protect inventions and creations, and to extensively conduct the mass campaign for technical innovations among large numbers of workers and staff members.

The basic task of education in our country is to train qualified workers for socialist construction and various categories of specialized personnel. Various types of schools at various levels should strive to enable their students to develop morally, intellectually, physically, and esthetically and to properly strengthen labor education among them. Governments at all levels should concern themselves more with and pay closer attention to educational undertakings. Plans for the development of education should become an important component of the overall plan for economic and social development. With economic development, the central and local governments should gradually increase their expenditures for education and encourage social forces to raise or donate funds to set up schools in order to accelerate the development of education in our country. The priorities of educational work should be vigorously strengthening elementary education, implementing the system of 9-year compulsory education according to local conditions, and improving the educational level and quality of the whole nation.

Continued efforts should be made to build up a contingent of teachers, raise the social status of primary and secondary school teachers, and improve school facilities. Governments and education departments at all levels must take effective steps to guide schools toward following the right orientation for operating schools and do their best to correct the tendency of placing undue emphasis on the proportion of their graduates who are admitted to higher level schools. To meet the demands of various quarters of society, it is essential to continue promoting vocational and technical training and adult education in both urban and rural areas, increase the contents of professional training, advocate continuation education and encourage them to become trained through self-education. Employees of enterprises should be given on-the-job training and be encouraged to study what is needed to improve their skills and do their job better. In rural areas, we should continue our efforts to wipe out illiteracy among young and middle-aged people. Coordinating rural education with efforts to disseminate scientific knowledge and advanced agricultural technology is of great significance to the development of the rural economy. Our reform of the structure of higher education is intended to gradually build an educational mechanism adapted to society's needs for professional personnel. Further efforts should be made to reform curriculum and teaching methods, and gradually the system for college enrollment and assignment of the graduates. We should introduce, in an appropriate manner, competition mechanisms into institutions of higher learning in order to improve the quality of teaching and to encourage students to display initiative in study. These principles should also be applied to all types of vocational and technical schools. China will continue to send students abroad for further study because it is required by the four modernizations and also a concrete expression of the policy of opening to the outside world. We shall therefore continue to send students abroad for a long time to come. We should continue to improve the work of sending students abroad and looking after them.

Institutions of higher learning have on their faculties large numbers of scientists and technicians. We should encourage them to gear, on their own initiative, their professional knowledge toward economic development and to offer their services to society, provided they fulfill their teaching obligations. As higher education in China has already developed to a certain extent, for some time to come emphasis should be placed on improving the quality of universities and colleges and adjusting their level and structure, instead of expanding their scale or number. Schools at all levels should make earnest efforts to reform the teaching of courses in ideology, ethics, and political science and strengthen ideological and political work among students, while also improving the faculty's

teaching and other professional work. In the past few years good results have been achieved in institutions of higher learning and some secondary schools through various activities, enabling students to take part in social practice. We should continue these activities and regularly review experiences so as to improve them. People in all walks of life should actively support them. Intellectuals working in science, technology, education, and other fronts are the key people in our drive for socialist modernization. Along with the vast numbers of workers and peasants, they work hard and devotedly for the country. Many model workers have emerged from among them and they have performed many meritorious deeds. We must make further efforts to create a social climate in which knowledge and educated people are respected. We should continue to improve the living conditions of intellectuals, particularly of teachers and scientists and technicians working in rural or remote areas. We should correctly guide and encourage intellectuals to offer various kinds of services to society, including services for pay, so that in the process of creating wealth for the state and society, they can gradually improve their living and working conditions. We should pay attention to discovering and bringing up technical personnel and master craftsmen from among workers, peasants, and other working people. Governments at all levels should show concern for intellectuals, listen to them, solve their practical problems, and encourage them to bring into play their talent in a still better way so that they can make further contributions to socialist modernization. [applause]

3) With emphasis on deepening the reform of enterprises, we must carry out comprehensive supplementary reforms in order to gradually establish the dominant role of the new economic structure. The sustained stable development of China's economy, basically speaking, can be attributed to the smooth progress of economic restructuring. We must carry out reforms in other areas in a planned and orderly way in order to quickly transform the mechanism of economic activities and the system of management, and to promote the development of productive forces. Deepening the reform of enterprises and strengthening the vitality of enterprises, especially large and medium-sized state-owned enterprises, constitutes the nucleus of overall economic restructuring. The key to the current reform lies in instituting various forms of the contract system of managerial responsibility according to the principle of separating ownership from managerial power. Practice has proven that the enterprises' adoption of this system has become an important means of invigorating the urban economy and has created the necessary conditions for reforms in other areas. In line with the principle of carrying out supporting reforms, improving, deepening, and developing [the current reform], we must constantly push forward the transformation of management, primarily by instituting the contract system so that enterprises will be able to make their management decisions and take full responsibility for their own profits and losses.

To deepen the reform of enterprises, it is necessary to do the following things:

A) Introduce the mechanism of competition and adopt such forms as public bidding, appointment, and democratic election in selecting qualified managers or groups of managers, so as to gradually build up a large contingent of managers who are skilled at scientific management.

B) Strengthen the basic work of enterprises, comprehensively spread the system of the factory director assuming full responsibility, improve the accounting system, and introduce, in light of the situation in each factory, the full load work method and such other systems and methods that have proven effective elsewhere. We should strengthen democratic management and improve the system of congresses of workers and administrative staff. Workers and other employees should be encouraged to display their initiative and creativity as masters of their enterprises. This is indispensable for good management.

C) Promote lateral ties between enterprises and develop group enterprises on the basis of voluntary participation and mutual benefit. Enterprises should be encouraged to take on the management of other enterprises through contracting or leasing, and to join each other's shares or implement a system of shares on a trial basis, so as to rationalize their structure and the mix of products.

D) Under certain conditions, allow the property rights of factories which are standing idle or operating far below capacity to be sold so that their assets will be used more fully.

While deepening the reform of management of enterprises, we should introduce comprehensive supplementary reforms. For example, we should expand the socialist market system, enable cities to perform comprehensive economic functions, and rationalize the division of functions among planning departments, financial departments, and banks, so as to establish a system of macroeconomic control based mainly on indirect control of enterprises. The principal aims of the reform of the planning system are to change the functions of state planning departments by reducing mandatory planning in favor of guidance planning, to work out medium- and long-range industrial policies to establish a correct balance overall among the different sectors of the economy, and to make use of various economic means so as to introduce a new economic mechanism under which the state regulates the market and the market guides enterprises. The reform goals of the investment system are to improve the quality of projects, economize on investment, reduce the time it takes to complete a project, improve the pattern of investment, raise economic returns, and rationally control the investment in fixed assets. The way to do all this is to establish a system of investment in fixed assets and to introduce public bidding for the designs and construction of projects. In the future, funds for construction should be gathered from different sources and compensation should be made for their use. The state should gradually become responsible

for investing only in infrastructure and basic industries affecting the economy as a whole, leaving it to the enterprises to provide most of the investment designed to earn profits. This reform should be coordinated with reform of the financial and monetary structure.

In the reform of the financial structure, we must, on the basis of implementing the management responsibility system, gradually separate taxes and profits so as to rationalize relations between the state and enterprises with regard to distribution. On the basis of unified leadership, separation of management at different levels, and division of managerial power, we should adjust revenues and expenditures of governments at different levels and introduce various kinds of revenue-sharing and contract systems with each unit being responsible for its own surplus or deficit. We should gradually improve the tax system and appropriately readjust rates and categories of taxes to create conditions for the introduction of a new tax system and a system of loan repayment after taxes have first been deducted.

We should strengthen the collection and administration of taxes and use taxation as a means to regulate the economy. We must waste no time in establishing a system of management of state-owned assets.

In the reform of the monetary system, we should strengthen regulation and control by the central bank, letting it play an important role in macro-economic control. The bank should limit the amount of currency issued so as to avoid inflation and at the same time ensure an adequate supply to maintain steady growth of the economy. In the future, the government will finance any deficit mainly by issuing bonds. We should refund through loans and make banks specialize so that they operate in the same way as enterprises, open money markets, and gather funds from society to support the construction of key projects, industrial and agricultural production, and export to earn foreign exchange. In providing loans, we should provide help to the most promising undertakings and make the pattern of production more rational.

So far as price reform is concerned, our policy should be to combine deregulation, adjustment, and control; gradually straighten out the price structure and price administration system; and promote the growth of the commodity economy. We must gradually readjust irrational prices of certain commodities essential to the national economy and the people's everyday life and continue to relax control over prices of ordinary commodities, and at the same time strengthen guidance and administration of the market.

With respect to energy and major raw materials, the state should establish fixed prices for those commodities listed under mandatory planning while for the remaining commodities it should allow localities and individual enterprises to set prices through negotiations. When necessary, we should establish a certain scope for negotiated prices or restrict price fluctuations. We should firmly prevent the monopoly of pricing by trade and put a stop to arbitrary price rises or rises in disguised form.

In the management of commerce, we must accelerate reform, promote the development of various kinds of wholesale markets, and explore future exchanges. While making use of the market mechanism, we must redouble our efforts to regulate and oversee market activities. We should speed up the reform of supply and marketing cooperatives in rural areas to promote the growth of a commodity economy there. We must also accelerate reform of the system of handling commodities and reduce the varieties and quantities of those commodities subject to unified allocation. We should strengthen the management of important commodities and gradually establish and develop various kinds of markets for means of production and activate the circulation of commodities.

With regard to deepening reform of the labor and wage system, we must continue to implement the labor contract system of delegating to enterprises the power to recruit staff members and workers. We should improve the organization of labor and enterprises, expand the labor and technology market, and encourage reasonable mobility of qualified personnel, by gradually instituting a system whereby the total wages of a region or department will be administered by itself and enterprises in a position to do so should begin to link the total sum of their wages to their economic performance. Enterprises should have full power to make decisions related to their internal wage scale, evaluation of work performance, reward and punishment. Through taxation, the state can regulate the increase of wages in various enterprises. In this way, the wage system in enterprises will be different from that in party and government offices. Meanwhile, enterprises should establish their own risk funds.

We must also accelerate reform of the housing system in urban areas, particularly in large and medium-sized cities. The commercialization of housing should be implemented step by step because it helps in reasonably adjusting expenditures of urban residents and changing consumption concepts. It will also help overcome the problems and confusion which arise from the system of allocating housing. This will benefit both the state and the people.

We must do a good job in the reform of the housing system, develop the real estate market, and practice compensated transfer of land-use rights. Reform of the social security system should be speeded up. Efforts should be made to establish and perfect the various forms of social insurance systems, further develop our social welfare undertakings, and continue doing a good job in giving preferential care to disabled servicemen and family members of revolutionary martyrs and servicemen and in relief work so as to gradually establish a social security system with Chinese characteristics.

It should be emphasized that, while carrying out reform of the various managerial systems, economic law legislation and enforcement work must be strengthened. The various tax administration, auditing, and supervision systems should be perfected and economic management and supervision strengthened in order to ensure normal social order and sound development of the national economy.

4) We must speed up implementing the strategy for economic development of the coastal areas and go a step further in opening to the outside world. At present, various countries in the world are daily stepping up mutual cooperation and reliance as well as competition in economic development among them. In regard to restructuring the economy and expanding investment abroad, the developed countries have provided us with good experience to gain a better position on the international market.

We must continue to open China still wider to the outside world, speed up the development of an export-oriented economy in the coastal areas and actively take part in international exchanges and competition so that economic prosperity in the coastal areas will give impetus to the development of the entire national economy. We should, on the basis of continuing our efforts to consolidate and develop the existing open structure and give full play to the role of the existing special economic zones, coastal open cities, and economic open areas, and implement a still more open policy with regard to Guangdong, Fujian, and Hainan Island to build them into areas for comprehensive trial implementation of the policies of reform and opening to the outside world so that they will accumulate experience for us to further deepen reform and open the country still wider to the outside world.

In view of the peculiar historical, geographical, and natural conditions of Hainan Island, the State Council proposes the establishment of Hainan Province to turn it into the largest special economic zone in China and adopt a policy there which will be even more favorable than the policies adopted for the existing special economic zones. The development and construction of Hainan Island will be a very arduous task and should be carried out with down-to-earth efforts. It is necessary to proceed from the superiority of local resources, to persist in the principle of overall planning, while giving prominence to key projects and carrying out construction piece by piece and, by starting by improving the investment environment, gradually build up an export-oriented economic structure capable of opening still wider to the outside world.

Coastal provinces and cities which are more developed should further broaden their open areas, rely mainly on their local strong points, make full use of their advantage of adequate labor resources and relatively low cost to put both ends of the production process [meaning the supply of raw materials and the marketing of products] on the world market. They should actively increase the export of labor-intensive and labor- and technique-intensive processed products and take part in international exchanges.

Coastal industrial cities and special economic zones should be vanguards in the development of an export-oriented economy and give scope to the key role of state-owned large- and medium-sized enterprises in increasing foreign exchange earnings from exports.

It is particularly necessary to attach importance to using the superiority of the countryside in the coastal rural areas in terms of labor force and the existing village and town enterprises there to develop export-oriented enterprises and export-earning agricultural production. Coastal areas should actively develop lateral economic cooperation with the inland areas and transfer technologies, management expertise, and talented people to help areas in central and western China to develop their economy, so as to give greater play to the role of the coastal areas as windows for opening to the outside world.

In implementing the strategy for economic development in the coastal regions, we must have a sense of urgency, and must, in no case, fumble the opportunity. But we must also display the spirit of building an enterprise through arduous efforts, and continue to carry out our basic work in a down-to-earth manner. While we implement the strategy in developing our economy in coastal areas, we must make an overall plan for economic development of the entire country. The interior regions should take advantage of the development of the export-oriented economy in the coastal areas to promote the development of the local economy and should, in accordance with local conditions, score new progress in opening wider to the rest of the world. To meet the needs of the open policy and strategy for the development of an export-oriented economy, we must quicken and deepen the reform of our system for managing foreign trade. In reforming the foreign trade system, we must adhere to the policy of assuming sole responsibility for profits and losses, having a free hand in management, combining production with marketing, and promoting a system of export and import agents. We must smash the system of eating from the same large rice bowl. Beginning this year, we shall be introducing the contract system of management in foreign trade throughout the country and making localities responsible for the earnings of foreign exchange and for the quota of foreign exchange to be handed in to the central government. We should also adequately adjust the percentage of foreign exchange earnings that they are entitled to retain in order to provide them with better conditions for doing business. Except for the few commodities which are essential to the national economy and the people's everyday life and whose import and export will continue to be controlled directly by the central government, authority over most commodities will be delegated to lower levels and the departments concerned with such management will be also transferred to lower levels. The contract responsibility system must be introduced in enterprises engaged

in foreign trade and in the production of export goods in order to stimulate their initiative. National corporations which engage in foreign trade or combine production with marketing must gradually become more comprehensive, multi-functional and internationally-oriented. In a planned way, they must redirect their efforts toward opening up world markets and providing services for foreign trade enterprises at home. We must quickly adopt the system whereby foreign trade corporations can act as agents for enterprises that wish to import and export goods. We must also explore and expand lateral economic ties and encourage the overall development of foreign trade. The way to open up even further to the outside world and to develop our trade and economic ties with other countries has increased our earnings of foreign currency. We must, in principle, select our best products for export, gradually adjust our product mix, develop production bases for export goods, and enlarge and improve our sales and service network for the overseas market. To promote foreign trade, we must strike an overall balance between the needs of the domestic market and those of export trading and coordinate the various mechanisms for managing export businesses. We should make full use of the regulating function of the departments of foreign trade, pricing, financial administration, taxation, banking, customs, commodity inspection, foreign exchange and industrial and commercial administration, the supervisory function of the auditing and supervision departments and the coordinating function of the foreign trade associations to ensure the healthy development of foreign trade. We must actively explore the international market for contracting labor services, strengthen management and coordination, and take further steps to increase our contracts for projects and labor services cooperation abroad. Various measures will also be taken to tap our potential in the tourism industry. We must improve the quality of tourism personnel and service as well as our management of the industry. We must make further adjustments in our import mix with a view to promoting economic efficiency, scientific and technological progress and self-reliance. We must seek diversified channels for importing technology, guard against importing things blindly, strengthen our efforts in absorbing and improving import technology, develop the production of import substitutes and speed up the process of producing China-made goods to substitute imports. We must explore more ways of using foreign capital, bearing in mind our ability to repay foreign loans and our capacity to provide supporting funds and materials for projects involving foreign capital. We should borrow an appropriate amount according to a rational pattern, guide foreign investment in the right direction, and raise the overall efficiency of its use. We should try to attract direct investments by foreigners and work hard to develop joint ventures, cooperative enterprises and wholly foreign-funded ones. We should pay attention to the cooperation of existing enterprises with foreign investors so as to accelerate technological transformation of these enterprises. We must further improve the climate for investment, accelerate the building of infrastructure, raise administrative efficiency and protect the decision-making and managerial rights of foreign-funded enterprises so that foreign investors can invest in and manage enterprises in China in the same way as they have done elsewhere.

5) Conscientiously do a good job in reforming government organs, strive to overcome bureaucracy, improve working efficiency and strictly enforce government discipline and law.

To reform government organs is an important component part of the reform of the political structure and is one of the core task of the next government. The plan for reforming the organs under the State Council has been submitted to the current NPC session. State Councillor Song Ping will specifically explain this plan and ask fellow deputies to deliberate it. Now, I will mainly discuss the emphases and guiding ideology for the reform of government organs.

The long range objective of the reform of government organs is to establish step by step an administrative system with Chinese characteristics, that perform adequate functions, has a rational structure, and operates flexibly with high efficiency in a coordinated way, in accordance with the principle of separation of party and government, separation of government functions from those of enterprises, simplified administration, unity and efficiency. To achieve this objective requires a long period of effort. In the next 5 years, we should create the necessary conditions and gradually harmonize the relations between the governments and the enterprises, institutions and mass organizations, the relations among various government departments, and the relations between the central government and local governments. The plan for reforming the organs under the State Council emphatically considered the following points:

A) The reform of the organs is mainly aimed at changing functions. After several years of reforming the economic structure, the inadaptability of existing government organs to the reform has been exposed quite clearly. The government has gained some new experience in how to manage the economy. This has made it possible for us to change functions, clearly divide responsibilities and readjust the organs in accordance with the demand of deepening the reform and the principle of strengthening macro-control and reducing direct control. We should deactivate what should be deactivated, strengthen what should be strengthened and add what should be added. We should not undertake a simple deactivation or merger of organs and reduction of personnel; so that the organs, after the reform, will comparatively meet the reform needs of the economic structure and the development of a socialist commodity economy.

B) The emphasis of the reform of organs is put on the economic management departments which have a very close relationship with the reform of the economic

structure, particularly the specialized management departments and the specialized agencies within the departments for overall economic balancing. We should do a good job in deciding the functions, organs and personnel for newly established departments according to their economic functions and personnel. In order to ensure continuity of work, we should take proper interim measures for the departments that are to be deactivated. We should also change the functions of the departments that are to be retained, strengthen their power, readjust their organs and reduce their personnel in accordance with the guidelines of the organizational reform.

C) The reform of organs should be adapted to the overall progress of the reform of the economic structure and the reform of the political structure. The plan for reforming the organs has assessed the overall needs of the reform and its feasibility. It has taken a step of decisive significance and considered the endurance of the society. While making a breakthrough in the traditional pattern, it also has a certain transitive nature.

The organizational reform is very solid work which we should carry out firmly and unshakably and in a prudent and safe way. The State Council will take the following steps to implement the plan for reforming the organs: After the plan is examined, discussed and adopted by the current NPC session, we will organize and put into operation new ministries and commissions within 3 months. Other ministries and commissions are required to complete the readjustment of their internal organizations and the reduction of their personnel in 6 months. The reform of the organs of local governments should be gradually unfolded from top to bottom in a planned way under proper leadership. It is expected that the reform of the organs of provinces, autonomous regions and municipalities will begin in 1989, with the exception of cities which have obtained State Council approval to carry out a pilot reform sooner. The reform of organs of county and township governments will be carried out even later.

All departments under the State Council should support the reform of organs of local governments and should not insist that local governments set up organs corresponding to central government organs.

While reforming the government organs, we should accelerate the establishment and gradual enforcement of a national public servant system. It is necessary to map out regulations governing national public servants as soon as possible, studying and formulating a law on national public servants and setting up an administrative academy for training administrative managerial personnel. From now on, when recruiting public servants, governments at all levels should hold examinations and select people who are outstanding according to the regulations on national public servants. Reform of the government organs and the personnel system relating to cadres is a major event in China's political life. Government functionaries, particularly the leading cadres at various levels, should adapt their thinking to the reform, take into account the overall interests, and assume a positive attitude toward the reform. In the actual work, we should work out well-conceived reform plans and make painstaking effort to implement them. We should also carry out penetrating and meticulous ideological and organizational work to ensure successful reform of the government organs and personnel system relating to cadres.

A major objective of the reform of government organs is to get rid of bureaucraticism, improve work efficiency, and cultivate a healthy government workstyle. Along with the streamlining of government organs and changing their administrative functions, governments at all levels should strive to achieve a marked improvement in their way of thinking and their workstyle. In carrying out the work in various fields, we should not pay lip service but rather stress actual results by stepping up supervision and inspection. All cadres, especially leading cadres, should consider the people's needs and help those in difficulty. We must combat decadent workstyles of abusing power for personal gains, seeking selfish interests at expense of the public, and offering and taking bribes. It is necessary to firmly check extravagant practices of giving sumptuous dinners, taking pleasure trips at public expense, and other kinds of waste. We should foster the fine styles of performing duty with honesty, working hard and leading a plain living, and dedicating oneself to the people. The State Council and local governments at different levels should attach great importance to and exemplify themselves in combating and fostering these practices which have direct bearing on the general social conduct as well as the success or failure of our construction and reform.

We should always bear in mind that China is a developing country whose people are still not well off and are carrying out gigantic construction projects. Funds and materials are in short supply. Any kind of waste and extravagance will constitute a grave crime. We should work hard and conscientiously in order to lead the masses of people in making protracted efforts through arduous struggles to gradually get rid of China's backwardness and accomplish our modernization. Severe punishment must be meted out for people who fail to observe regulations and prohibitions, indulge in waste and extravangance, and violate administrative and legal discipline. [applause]

Auditing, supervisory, and finance departments at all levels should step up their supervision and inspection and sincerely welcome the mass media and ordinary people to intensify open public supervision. [applause]

6) It is necessary to improve socialist democracy and legislation in order to consolidate and develop political stability and unity. The building of socialist democracy is aimed, first of all, at harnessing enthusiasm at the grassroots level and of the masses of people. It is necessary to broaden democracy and institutionalize democratic life at the grassroots level, ensuring that the masses of workers, peasants, and intellectuals become masters of

their own. In order to promote grassroots democracy in rural areas and rural construction, governments at all levels should earnestly implement the organic law of village committees of the PRC so as to guarantee self-government for villagers and let the masses of people manage their own affairs according to the law.

The system of democratic consultation and dialogue is an effective way for governments at all levels to correctly handle contradictions among the people, exchange ideas with the masses, deepen mutual understanding, and clear up misunderstanding. It is a lively and effective way of doing ideological and political work and also a new way of realizing socialist democracy, which has injected new vitality into government work. Responsible cadres of government and relevant departments at all levels should conduct regular direct consultation and dialogue with the masses on the basis of equality, listen to what they have to say, show concern for their hardships, and accept their rational suggestions and correct criticisms in order to improve their work and overcome unhealthy tendencies.

Governments at all levels should keep in closer touch with people's political consultative conferences, the democratic parties, and patriotic personages without party affiliation, listen to their views, and respect their proposals. We should rely on the trade unions, CYL organs, women's federations, and other mass organizations to strengthen socialist democracy. We should institutionalize consultation on public matters and discussions of state affairs so that democratic supervision on all sides will be carried out with greater regularity and effectiveness.

Ours is a unified multinational country. It is in the common interest of all nationalities to strengthen solidarity among them and safeguard the unity of our country. It has been our consistent policy to respect and protect the democratic rights of minority nationalities and their customs and habits. Further efforts should be made to implement the law on regional national autonomy, perfect the system of regional national autonomy, and conduct in-depth education about unity among nationalities to oppose both Han chauvinism and narrow nationalism and to develop new socialist relations of equality, unity, and mutual assistance among nationalities.

The state and the economically developed areas should energetically aid in the economic and cultural construction of minority nationality areas for the common prosperity of all nationalities and join in efforts to protect the unity of our motherland.

The recent violence and riots in Lhasa staged by a handful of splittists was a grave incident which violated the law and undermined the unity of the motherland. The rioters must be severely punished. [applause] Tibet is an inseparable part of China's sacred territory, and any words or deeds designed to split the region from the motherland run counter to the fundamental interests of the people of all our nationalities, including the Tibetan people. [applause]

The state respects the citizens' rights to freedom of religious belief and protects normal religious activities, but such activities should be conducted within the bounds of the Constitution and the law. No one should be allowed to engage, under the cloak of religion, in activities that impair national unity and undermine public order.

We have always paid great attention to and protect the legitimate rights and interests of Chinese nationals overseas and of those who have returned to China and their families. We should listen to their opinions and suggestions so that they can make greater contributions to the development of China's economic, technological, cultural exchanges and cooperation with foreign countries, to the enhancement of friendship between the Chinese and other people, and to China's rejuvenation.

Socialist democracy needs to be guaranteed by the socialist legal system. The system of socialist laws, with the Constitution as its basis, has begun to take shape in our country. The political and economic roles and government work of the state are being brought gradually into the orbit of law. The situation in which there is no law to go by has been fundamentally changed. From now on, we should further strengthen and improve our socialist legal system throughout the entire processes of reform and construction. With invigoration of the economy, deepening of reform, and further opening of our country, we should put forward various draft laws in good time, formulate administrative laws and regulations, organize people to enforce laws and administrative regulations, and strengthen the building of the contingent of judicial, prosecutorial, and public security cadres. We should do a better job in law enforcement and resolutely overcome the phenomena in which the law is not observed, not strictly enforced, and lawbreakers are not dealt with. We must unswervingly uphold the principle that everyone is equal before the law. All government personnel should study and understand the law, have a clear idea of the legal system, strengthen work discipline, resolutely act according to law, and be models in observing the law and discipline. Violations of the law and discipline and dereliction of duty by state functionaries should all be sternly dealt with according to law. Public security, administrative, and judicial departments and large numbers of people's police should set an example in observing strict discipline, improve their workstyle, continue to raise their political and professional qualities, be honest in performing their official duties, strictly enforce the law, and work with all their hearts and might to settle disputes and solve people's problems. In accordance with the law, we must check hostile elements undermining the socialist system, deal blows to those engaged in espionage jeopardizing the security of the state, punish criminal and economic offenders, and ban all activities

disrupting social order. We should continue to implement resolutions of the NPC Standing Committee and carry out the task of spreading knowledge of law among all citizens. We should regularly publicize the law and conduct education in this regard in order to enhance the citizens' understanding of the law. We should correctly mediate and handle disputes among people and other social problems. Efforts should be made to tackle social order problems in a comprehensive way so as to ensure the smooth development of reform, opening to the outside world, economic construction, and all other work. Efforts should be made to ensure social stability and unity and the long-term stability of our country.

7) Vigorous efforts should be made to build socialist spiritual civilization in order to promote implementation of the policies of reform and opening to the outside world, and smooth development of modernization. It is our consistent principle that the building of socialist spiritual civilization should continuously be advanced while building material civilization. Governments at all levels and all basic units should assume full responsibility for building material and spiritual civilization and take effective measures, including the supply of necessary financial and material resources and preparation of conditions, to vigorously promote building of spiritual civilization in their respective areas or units.

Reform and opening to the outside world urgently call for strengthening unity and appealing ideological and political education, which is also an important guarantee for our country's socialist construction. Governments at all levels, people's organizations, and all quarters in society should vigorously strengthen and improve ideological and political work at basic levels according to the requirements for training new socialist disciplined men with ideals, morality, and culture. They should persistently and extensively publicize the party's basic line for the initial stage of socialism; continue to implement the principles of emancipating the mind and seeking truth from facts; strive to create an atmosphere for public opinion that is conducive to modernization, reform, and opening to the outside world; promote the principles of relying on our own efforts and building an enterprise through arduous effort; and properly handle the relationship between the state, the collective, and the individual.

Ideological and political work should be appropriately linked to the principle of material benefit, and people's socialist enthusiasm and creativity should be further aroused. We should develop patriotism, promote the national spirit of exerting oneself to make progress, and actively explore new ways and methods to effectively perform ideological and political work in enterprises under circumstances where the policies of reform and opening to the outside world are being implemented and where the system of full responsibility for factory directors is implemented.

Education of workers and staff members on their jobs should be strengthened, and fine professional ethics should be cultivated among them. It is necessary to strengthen the concept and abilities of the masses at the basic level in self-education, self-management, and self-service; to continue the mass campaign for building spiritual civilization; and to promote the social practice of maintaining unity and ensuring mutual aid.

Such activities as building civilized units, villages, and towns and joint efforts by Army personnel and people to build spiritual civilization should be carried out according to what is needed and is feasible. It is necessary to improve the quality of such activities and to stress actual results.

Changing habits and customs, especially changing habits and customs in the rural areas, should be conscientiously done as an important aspect of building spiritual civilization. Feudal superstitions and gambling activities disrupting social order, and harming people's physical and mental health must be banned according to law.

In the building of socialist spiritual civilization, we must adhere to the orientation of serving socialism and the people, further implement the policy of "letting a hundred flowers bloom and a hundred schools of thought contend," carry out a stable policy for cultural work, and promote development and prosperity of all kinds of cultural works.

Workers in social sciences must continue to liberate their thinking, engage in creative theoretical research work based on the practice of reform and construction, as well as enrich and perfect the theory concerning the initial stage of socialism. Writers and artists should go among the masses and plunge themselves into the thick of life and then reflect in their works the great tide of reform and construction. They should kindle the people's aspirations and their will to forge courageously ahead and produce outstanding works befitting this era.

On the basis of summing up our experiences, we should promote structural reform of cultural and art troupes and other social and cultural works. We should promote libraries, museums, scientific and technological exhibition halls, cultural palaces and other mass cultural works so as to enrich the people's spiritual lives. We should strive to carry forward our country's fine cultural tradition, continue to promote cultural exchanges with other countries and assimilate the achievements of civilization of the world. We should also gradually improve the legal system in the cultural sphere, effectively strengthen control over the cultural products market, protect healthy cultural undertakings, ban reactionary and obscene things and combat the corrosive influence of decadent feudal and capitalist ideas.

Governments at various levels should attach great importance to the development of broadcasting, movie, television, news and publication work. We should give full play to the role of mass media in publicizing policies, keeping close ties with the masses and unfolding social consultation and dialogue. We should encourage the mass media to play their part in supervision by public

opinion, and support their exposure and open criticism against bureaucratism, breaches of law and discipline and other forms of corruption in the spirit of seeking truth from facts.

In reforming publication work, we should pay attention to doing a good job in examination and approval, adjusting the composition and raising the quality of books and speeding up improvement of distribution in order to develop publication and cultural works which play a major role in disseminating news and spiritual products. We should also improve management and raise economic results of publication work. However, we must integrate economic results with social results and persist in placing social results in the first place.

In public health, we should stress preventive medicine and combining Western medical science with Chinese traditional medicine. We should strive to develop both modern medicine and our country's traditional medicine. We should strengthen the prevention of contagious and local diseases and other diseases which may seriously endanger the health of the people, improve the management of medical work, attach importance to food hygiene, persist in developing the patriotic health campaign, and strengthen the building of primary public health facilities at the grassroots level in order to protect the people's health.

Physical culture is a positive factor in improving the physique of our people and an importance means in building spiritual civilization. Governments at various levels must pay good attention to developing physical culture and sports work under the support of the whole society so as to improve the physiques of young people and children and improve the health of the entire nation. We should establish various kinds of competitive systems, select and cultivate talented athletes, and strive to raise competition in more sports to the world level. We must actively prepare, work hard, and do a good job in sponsoring the 11th Asian Games in our country in 1990.

Governments at all levels and the entire society should attach importance to the cause of handicapped people. They should display socialist humanitarianism, show concern for, and help handicapped people so as to gradually improve their medical and health care, education, employment, and living standards.

8) We should face reality as well as look into the future. We must conscientiously implement the two fundamental state policies — family planning and strengthening environmental protection. It is China's consistent policy to enforce family planning to keep population growth under control and to raise the quality of the population. To implement this policy, governments at all levels and family planning workers have done a great deal of hard work. Although they have achieved marked achievements, new difficulties and new situations have cropped up in the course of reform. China has a large population, and the country is now facing another birth crest. This, plus the deep influence of traditional concepts, has added new difficulties to our family planning work. We must not take this problem lightly. To keep China's population below 1.2 billion by the end of this century, we must strictly carry out the current policy. We should continue to encourage late marriage, late birth, and one child per couple. We should even be strict with rural families whose difficulties need special care. It is necessary to vigorously encourage better births, better upbringing, and better education. While trying to control the population growth, we must pay equal attention to raising its quality, because this concerns our modernization drive and our nation's favor. Governments at all levels should improve the quality of their leadership in order to match the growth of the population with that of the economy. We must exert efforts to improve family planning administrative organs at all levels, carry out propaganda and education on family planning, and provide good service in this respect, so as to ensure success in this work, especially family planning work in the countryside. Departments concerned and all mass organizations should coordinate their efforts in implementing this national policy.

Strengthening environmental protection is also a fundamental policy of our country. Some progress has been made in this work in the past few years. Viewed as a whole, environmental pollution and ecological destruction are still very grave. We are still faced with arduous tasks of environmental protection. We must proceed from the reality in China and work out a comprehensive plan for the simultaneous development of the economy, urban and rural areas, and the environment. We must cherish and protect such natural resources as land, water, forests, oceans, grasslands, wildlife, and wild plants, and rationally exploit and effectively utilize mineral resources. In particular, we must definitely put a stop to illegal use of arable land and indiscriminate destruction of forests, and vigorously encourage beneficial activities of planting trees and grass to make urban and rural areas green. We must launch a comprehensive program for improving the urban and rural environment, emphasize keeping air and water pollution under control, improve facilities for treatment of waste materials, improve management of environmental protection, make environmental protection departments play their supervisory role to the fullest, and carry out a long-term project to gradually bring about the virtuous cycle of the ecological system.

9) We should continue to raise the income of the urban and rural population and improve their material and cultural life on the basis of increased production. The purpose of socialist construction is to meet the needs of the people's material and cultural life. Governments at all levels will, as in the past, devote themselves to improving the people's living standards. We must strive to realize the goal of raising the urban and rural residents' consumption level by an average of 4 percent a year. This goal is prescribed by the Seventh 5-Year Plan. We need a large sum of funds for our construction projects, and there is the need to continue to improve the living standards of our population of more than 1 billion. This is a problem whose solution is no easy matter.

China's economy is comparatively backward. To make our country strong and the people prosperous, we must undergo a long period of hard struggle. Improvement of the people's living standard can only be realized step by step. We must adhere to the principle: "First, the people must have sufficient food; second, socialist construction must be carried out." We must also integrate immediate interests with long-term interests, and we must oppose both the tendency of emphasizing production to the neglect of the people's consumption and the tendency of pursuing overly high consumption to the detriment of the state's economic development. We must do this to ensure that production and construction and the people's living standards promote each other and advance in unison.

At present, people's consumption in China is shifting from meeting people's basic needs to enhancing the quality of their lives. It is necessary to pay attention to handling well the relations between economic construction and people's lives. First, the ratio between accumulation and consumption should be carefully arranged by working out an effective way to keep the increase of consumption under control and make the raising of consumption level compatible with the development of productive forces and the increase in labor productivity. Second, a correct consumption policy should be formulated to actively guide and regulate consumption so as to develop a production and consumption structure with Chinese characteristics.

China has a large population with relatively insufficient resources. This makes it imperative for us to persist for a long time in the fine tradition of practicing thrift, hard work, and economy.

The consumption structure should be one of voluntary practice of economy. Because of the limits in per capita grain share, it will be a considerably long period of time before we can expect any significant increase in the supply of meat, fowl, eggs, and other such foods. Our food structure must be compatible with the actual situation in China.

To improve the distribution of national income, it is necessary to do away with egalitarianism and persist in implementing a policy aimed at enabling those people who rely on their honest labor and legitimate trade to become rich first while working unswervingly to attain the goal of common prosperity. Based on the current level of production development in China and the predicted trend of development in the future, as long as we maintain a steady growth of the national economy, keep increasing our economic results, and see that our daily life structure and consumption structure are more and more reasonable, it can be said with certainty that we will witness a gradual improvement in the people's living standard.

10) As economic construction develops, we must further strengthen national defense. In the next 5 years, national defense will be further strengthened to increase its strength on the basis of steady development of the national economy. Building national defense should be carried out by taking into consideration the interest of the whole situation in the country's economic construction and by including it in the state's overall planning for economic construction and social development.

The PLA should step up military training, political work, logistics work, and military science research, constantly improve the quality of the PLA units and strengthen their capabilities in defensive combat. In carrying out reform of the military, it is necessary to formulate, on the basis of the major achievements already made, the overall plan for speeding up and deepening the reform and continue to promote the reform in a systematic, active but careful manner. Various regulations and rules of the military should be established and perfected and conscientiously implemented. Serious efforts should be made also in giving special care to the servicemen and job placement and settlement of cadres transferred to civilian work.

National defense, science and technology and industrial departments should continue to implement the principle of combining military with civilian production and of manufacturing products for both peacetime and wartime use and, while fulfilling the task of manufacturing for military use and constantly improving the technical equipment of the military, strive to develop civilian products so as to serve economic construction of the state and the modernization of national defense.

Education in national defense should be conducted on an extensive scale among the people to strengthen their concept of national defense and promote the fine practice of ardently loving and respecting the military, being concerned about and supporting the reform and construction efforts of the Army. Efforts should be made to further promote close relations between the Army and the government and strengthen Army-people unity and to continue to strengthen the building of the militia and reserve service.

All PLA commanders and fighters should display a high sense of responsibility and initiative to speed up the Army's drive for revolutionization, modernization, and regularization and constantly make new contributions in defending and building the motherland.

3. On the Work of Foreign Affairs [subhead]

In the past 5 years, we have resolutely implemented an independent foreign policy for peace and, in line with the development and changes in world situation and the needs of our modernization program, continued to properly readjust certain concrete policy measures, thereby scoring important achievements and opening up a new situation in foreign affairs. Over the past years, China's chief leaders visited 46 foreign countries in the five continents, while we received heads of state and government leaders from 89 countries. Exchanges of visits by

leaders have enhanced mutual understanding, strengthened China's friendly and cooperative relations with other countries, and promoted friendship between the Chinese people and people of other countries. China has continuously increased its cooperation and exchanges with other countries in the economic, scientific and technological, cultural, educational, public health, and sports fields. Since 1983, China has successively established diplomatic relations with 10 countries, namely Antigua and Barbuda, Angola, Ivory Coast, Lesotho, United Arab Emirates, Bolivia, Grenada, Nicaragua, Belize, and Uruguay. So far, 135 countries have established diplomatic relations, and 178 countries and regions have maintained economic and trade ties with China. These advances made in China's relations with foreign countries have created a better international environment for the reform and opening up policy and modernization program.

Gratifying trends as well as alarming factors have emerged in the current international situation. Overall, the situation has developed along a direction favorable to the people in the world. Recently certain improvements have been made in East-West relations, and the international situation has relaxed to a certain extent. After years of negotiations, the United States and the Soviet Union finally signed a treaty on destroying their intermediate nuclear forces last December. This is the first step toward the reduction of nuclear arms. Like other countries, China has given proper appraisal to the treaty, hoping that it will be earnestly implmented. However, it should be pointed out, nuclear weapons of the United States and the Soviet Union to be destroyed according to the treaty compose only a tiny portion of their nuclear arsenals, and are quite insufficient to free mankind from the threat of nuclear war. The people of the world are fully justified to demand the United States and the Soviet Union to exert still greater efforts on the question of disarmament.

China is never in the arms race, and has always called for total disarmament. People all over the world have seen China voluntarily take a decisive measure to reduce its troops by 1 million when the international situation permitted us to do so. China, as a developing country, possesses a small amount of nuclear weapons entirely for self-defense purposes. The Chinese Government has time and again declared to the world that under no circumstances will China be the first country to use nuclear weapons, and it declared in the spring of 1986 that it will not carry out further atmospheric nuclear tests. The Chinese Government has repeatedly stated and still believes that the United States and the Soviet Union, which possess more than 97 percent of the world's nuclear weapons, should take the lead in halting experimentation, manufacture, and deployment of nuclear weapons and drastically reduce their nuclear weapons. They will thereby create the prerequisite for the convocation of an international nuclear disarmament conference with broad representation from all nuclear powers. Currently the United States and the Soviet Union are still improving their nuclear weapons and escalating the arms race to outer space and other areas of high technology. Even if the United States and the Soviet Union cut their strategic nuclear arms by 50 percent, their nuclear weapons will still constitute more than 90 percent of the nuclear arms in the world. Disarmament remains an arduous task. China will, as always, work together with all peace-loving countries in striving for an end to the arms race, a total ban and destruction of nuclear, chemical, and other weapons of mass destruction, and a drastic reduction of conventional arms.

The military invasion of weak and small nations by some foreign countries and the long drawn out regional conflicts are causing sufferings to the people and threatening world peace. Recently, the parties concerned have been conducting frequent activities in connection with the political settlement of regional conflicts. In order to bring about a fair and reasonable settlement of regional conflicts, the generally recognized norms of international relations must be respected, the sovereignty of the countries concerned should be respected, and foreign aggression must stop.

Vietnam's aggression of Cambodia has entered its 10th year. The Vietnamese authorities should realize that military invasion cannot conquer the Cambodian people; on the contrary, it has landed themselves in an extremely difficult position. We resolutely support the Cambodian people's struggle against Vietnamese aggression. We have always held that the key to a fair and reasonable political settlement of the Cambodian issue lies in withdrawing all Vietnamese troops from Cambodia as soon as possible and letting Cambodia settle its internal issues through negotiations with the parties concerned.

At present, the Vietnamese side says that it will withdraw its troops, but facts show that it lacks sincerity. As a party concerned, Vietnam should withdraw its troops without delay if it really wants to do so. It should hold talks with Prince Sihanouk and the Coalition Government of Democratic Kampuchea if it wants to seek a political settlement of the issue.

We respect the efforts made by Prince Sihanouk in the international community for a fair and reasonable settlement of the Cambodia issue and for restoring Cambodia to an independent, peaceful, neutral and non-aligned country.

Recently, some progress has been made in settling the Afghanistan issue politically. The international community has long and strongly demanded an end to the Soviet Union's military occupation of Afghanistan and restoration of Afghanistan's independence, neutrality, and nonaligned status. The Soviet Union has announced that it will withdraw all its troops from Afghanistan. We hope that the withdrawal will become a fact. We also hope to see that an Afghan coalition government in which all the

parties concerned take part will be established at an early date, and that all the nearly 200,000 Afghan refugees can return to their homeland and again enjoy a peaceful life.

All countries are concerned about the tension in the Gulf region. In 1987, the United Nations Security Council adopted Resolution No 598, which provides a good basis for peaceful settlement of the Iran-Iraq conflict. We support the mediation by the United Nations secretary-general. China actively supports any measures that are conducive to implementing Resolution No 598 of the United Nations Security Council and to ending the Iran-Iraq conflict soon. We disapprove of the superpowers' military involvement because it [word indistinct] the danger of escalation of the conflict. Both Iran and Iraq are China's friends. We hope that they will stop the war and talk peace. We have always stood for settling international disputes through peaceful negotiations. The conflicts can only do harm to developing countries. Countries can benefit only by getting along well with each other.

We support the just struggle of the Arab countries and the Palestinian people against Israel's aggression and expansion. We condemn the Israeli authorities' atrocities of cruelly suppressing the Palestinian people in the West Bank and the Gaza Strip. We support the convening of an international conference on the Middle East issue under the auspices of the United Nations to achieve an overall and fair settlement of the Middle East issue.

We support the just struggles waged by the people in South Africa in opposing racial discrimination, the Namibian people in seeking national independence, and the people of various countries in the southern parts of Africa in safeguarding their national security and opposing aggression by South Africa. We support the efforts of various nations in Central America to promote peace and stability in their own countries and regions. We are concerned over the current tense situation in that region, and we oppose the superpower interference in other nations' internal and general affairs.

The economic turmoil in the world has been aggravated since the beginning of this year. It has aroused general concern and uneasiness in various nations. Although the developed countries have maintained a low rate of growth in economic development, the friction among them has increased. The shadow of new economic depression is looming. Many developing countries' income from exports are declining, while their debts increase. They are faced with economic difficulties. Under such circumstances, the developing countries are coordinating their economic policies in order to achieve financial stability. In an effort to invigorate their economies, many developing countries are exploring ways to develop which are suited to the state of affairs in their own nations. They have also adopted some measures to promote South-South cooperation. It should be pointed out that at a time when the economic ties in the world are being strengthened with each passing day, the South and the North can only find a way out of their difficulties by joining their efforts to overcome them on the basis of the principle of mutual benefit.

History has created the tremendous financial gap between the South and the North. In today's world, it is more and more difficult for the developed countries to maintain their own prosperity and stability while the developing countries remain generally poor and backward. The dialogue between the South and the North should continue. The irrational world economic order should change. We support the Third World nations' justified demand and reasonable proposal opposing trade protectionism, raising the prices of their primary products, and lightening their burden from foreign debts. We hope that the developed countries will follow an enlightened policy, adopting effective measures in financial affairs and trading and in the transfer of technology, particularly to help the Third World countries lighten the burden of their heavy debts, and creating a favorable international environment and conditions for the development of the Third World. Only by so doing will it be possible for the developed countries to solve their problems in finding markets for their products and obtaining raw and semi-finished materials and bring about common prosperity for the various countries in the world.

China is concentrating on its own development. It wishes to develop friendly cooperation with the various nations of the world on the basis of the five principles of peaceful existence. The questions of Sino-U.S. and Sino-Soviet relations are our common concern. As everyone knows, China persists in its determination to act independently and will never attach itself to any superpower, or enter into alliance or strategic relationship with either of them. As a developing socialist nation with a vast territory and a big population, pursuit of such a policy is not only in keeping with the interests of the Chinese people but is good for world peace and stability.

Sino-U.S. relations have generally been stable during the past 5 years. High-level contacts have been maintained, and economic and trade relations, scientific and technological exchanges, and exchanges of personnel have been further expanded. However, a handful of people in the United States have, under various excuses, persistently attempted to interfere in China's internal affairs under various pretexts, in particular by refusing to follow the one-China policy with regard to Taiwan openly declared by the U.S. Government. Their words and deeds, which run counter to the principle guiding the establishment of diplomatic relations between China and the United States, will inevitably harm relations between the two countries. We hope that American politicians will realize that it is not only in China's interest but also in the interest of the United States to have normal relations between the two countries. Stable development of Sino-U.S. relations will be possible only when the three communiques issued by China and the United States are strictly observed.

Trade, technological exchanges, and exchanges of personnel have also increased between China and the Soviet Union in recent years. Consultations are going on for the normalization of state relations between the two countries, as are border talks. The normalization of relations between China and the Soviet Union conforms to the desire and fundamental interests of both peoples. We note that the Soviet Union has also stated that socialist countries should strictly abide by the principles of peaceful coexistence, but the three well-known obstacles that still exist between the two countries are at variance with these principles. To facilitate the settlement of the problem, Chinese leaders have long expressed their willingness to meet with their Soviet counterparts, with the necessary precondition that the Soviet Union stop supporting Vietnam in its aggression against Cambodia and urge Vietnam to withdraw its troops from Cambodia as early possible. Such action on the part of the Soviet Union will greatly accelerate the process of normalization of Sino-Soviet relations and will be welcomed by the international community. China has always attached great importance to the maintenance and development of good-neighborly relations with the countries around China, and in particular, to peace and stability in Asia. The Democratic People's Republic of Korea is China's close neighbor. China supports the Korean Government in its reasonable proposal for the independent and peaceful reunification of Korea and its efforts for the relaxation of tension in the Korean peninsula.

China maintains good relations with the ASEAN countries as well as with Burma and various south Asian countries. Sino-Mongolian relations have been developing. There has been improvement recently in China's relations with Laos. There has also been gradual improvement in China's relations with India in the past few years. We hope that China and India will settle their border question in the spirit of mutual understanding and accommodation and through friendly consultation, so that our relations can be further developed, and that prior to the settlement of the question, peace and tranquility will be maintained in the border region.

We resolutely condemn Vietnam's illegal occupation of China's islands and atolls in the Nansha archipelago and its military provocations in waters around the Nansha islands. While conducting expansionist and aggressive activities, Vietnamese authorities have vilified and accused China. Its attempt to sow dissension in the friendly relations between China and the ASEAN nations will not succeed.

Japan is China's close neighbor, and there are close economic and trade relations and frequent exchange of personnel between the two nations. Sino-Japanese friendship conforms to the fundamental interests of the people of both countries. Neither the Chinese people nor the Japanese people wish to see the incidents that occurred in Japan to the detriment of the normal development of Sino-Japanese relations. We believe that problems existing in Sino-Japanese relations can be solved on the basis of the Sino-Japanese joint communique and the Sino-Japanese treaty of peace and friendship. We believe good-neighborly relations between the two countries will constantly expand. Major progress has been made in China's relations with the socialist countries in Europe in recent years. China has maintained all-around friendly relations and cooperation with Romania and Yugoslavia and normalized relations with Poland, the Democratic Republic of Germany, Czechoslovakia, Hungary, Bulgaria, and other nations. We will exchange experience in socialist construction and reform with them in the spirit of mutual respect, equality, and mutual benefit, and expedite the further development of friendly relations in all fields.

China's relations with various West European countries, Canada, Australia, and New Zealand are sound. China and these countries hold identical or similar views on many major international issues. We note with satisfaction that these countries have taken a positive attitude on developing economic and trade relations with China as well as scientific and technological exchanges. There are broad prospects for our cooperation in these fields, and we will work to expand it for our mutual benefit. It is a cornerstone of China's foreign policy to strengthen its unity and cooperation with other Third World countries. China appreciates the efforts made by various organizations of regional cooperation in the Third World to maintain security and promote development in their respective regions. We are ready to exchange experience in economic development and national construction with the Third World countries so that we may learn from each other.

As a member of the Third World, China understands the difficulties faced by other developing countries, sympathizes with them, and has provided aid to some of them to the extent possible. Our ability to offer aid is limited, however, because we ourselves have a poor economic foundation and a large population. We will continue to actively develop economic and trade relations with the developing countries as well as scientific and technological cooperation, in accordance with the principles of equality and mutual benefit, stress on practical results, diversity of form, and common progress. We believe that abiding by these principles is the effective way to promote south-south cooperation.

We favor and support the objectives of the Nonaligned Movement and highly appreciate the important role it has played in international affairs.

China extensively takes part in the various international organizations and actively carries out multilateral diplomatic activities. We will continue to, together with friends of all nations, work for peace and development at the United Nations and other international organizations. Our entire diplomatic work is to serve the two major goals of peace and development.

China has played an active role in the international arena as a major force opposing hegemonism, safeguarding world peace, and promoting common development and has drawn increasing attention and won widespread acclaim from the community of nations. Practice has shown that our foreign policy is correct and we will continue to unswervingly implement this policy. [applause]

Fellow deputies, China's reunification and rejuvenation is the common aspiration of Chinese people of all nationalities and a glorious task which history has entrusted to our generation. Therefore, I would particularly like to discuss the question on realization of the great undertaking of motherland reunification.

During the Sixth NPC, the Hong Kong and Macao questions left over from history were successfully resolved between the Chinese Government and the British and the Portuguese Governments through friendly negotiations according to the principle of one country with two systems. These important events in the modern history of China and the world have received warm support from all Chinese people, including the compatriots in Hong Kong and Macao, as well as broad welcome from the international community. Social stability and economic prosperity have prevailed in Hong Kong since the signing of the Sino-British Joint Statement. The Chinese and the British sides have cooperated with each other to implement the Joint Statement and achieve positive results in various areas. The situation in Macao has also been gratifying since the signing of the Sino-Portuguese Joint Statement.

China's principles and policies regarding Hong Kong and Macao will not change. The basic law for the Hong Kong special administrative district is being drafted. The drafting of a basic law for the Macao special administrative district needs to be started, and a proposal has been made to the current NPC session for examining and deciding on the establishment of a drafting committee for the basic law of the Macao special administrative district. These two basic laws, which codify the Chinese Government's principles and policies regarding Hong Kong and Macao, will play an important role in the development of Hong Kong and Macao for several decades into the future. The motherland's further reform and its opening and modernization program will provide effective support for the stability and prosperity of Hong Kong and Macao, whose development will also give strong impetus to the motherland's construction.

As Hong Kong and Macao enter a new historical era, it is hoped that the compatriots in Hong Kong and Macao will advance hand-in-hand with the people of the whole country in continuing to contribute to the stability and prosperity of Hong Kong and Macao and to a smooth transfer and stable transition of political power. [applause]

Fellow deputies: Achieving the reunification of Taiwan with the mainland at an early date has become a very prominent task facing all Chinese people. For many years, we have consistently advocated that the two sides across the Strait establish postal, trade, and transport links, that people be allowed to come and go freely and promote understanding through exchanges, and finally that the country be reunited in the form of one country with two systems.

We are glad to see that after the Taiwan authorities relaxed the restrictions on Taiwan people's travel to the mainland to visit relatives, they have recently further relaxed these restrictions. New development has been made in cultural, academic, economic, and nongovernmental exchanges across the Strait. This conforms to the fundamental interests of the compatriots across the Strait. We hope to see even more Taiwan compatriots come to visit their relatives or to sightsee on the mainland. We hope to see more businessmen and industrialists come to do business on the mainland, and open up markets, and cooperate in economic matters in special economic zones or other places.

At present, the 1 billion Chinese people, including the Taiwan compatriots, are earnestly hoping for an early reunification and the prosperity of our country. This accords with the general trend of events and the will of the people. [applause]

We are willing to consult with the Taiwan authorities and with personages of various circles on the great [word indistinct] of the reunification of the motherland. We support all proposals that are favorable to reunification, reject those that are detrimental to it, and firmly oppose any action designed to split the nation, whether it is initiated on Taiwan or outside of it. [applause]

We hope that the Taiwan authorities will put the interests of the whole nation above everything else and take active measures to establish the three links across the Strait and bring about peaceful reunification. We hope that the vast numbers of Taiwan compatriots, Hong Kong and Macao compatriots, overseas Chinese, and the people of all nationalities on the mainland will unite more closely, pool their wisdom and their efforts, and work with one heart and one mind to expedite the process of reunification of the motherland. [applause]

Fellow deputies: Both the domestic and international situation is very favorable for our country's construction and reform. We must work under the leadership of the Communist Party of China, seize the opportunity, rouse ourselves into vigorous efforts to make the country prosperous, quietly immerse ourselves in hard work, struggle in unity with one heart and one mind, and bravely advance along the road of socialism with Chinese characteristics! [applause]

Reactions to Li's Government Work Report to NPC

XINHUA Reports Nationwide Reactions

OW270903 Beijing XINHUA Domestic Service in Chinese 0111 GMT 27 Mar 88

["Discussing State Affairs Outside the Session—Nationwide Reactions to the First Session of the Seventh NPC" by XINHUA correspondents—XINHUA headline]

[Excerpts] Beijing, 27 Mar (XINHUA)—The Capital: Expectations for Bigger Steps for Reform [subhead]

Cadres at all levels in the capital have high expectations for the First Session of the Seventh NPC. Zhong Ziyun, a veteran of the Alliance Against Japanese Aggression and member of the Central Advisory Commission, said: The report delivered by Comrade Li Peng to the NPC session is truthful and realistic. It discussed both the achievements and problems and reported the good news as well as the bad. He expressed the hope that deputies will truthfully reflect the problems in their deliberations and thoroughly discuss the "hot spots" and problems about which the people are concerned. He believes that unhealthy tendencies among some cadres with party membership working in government departments are relatively prominent. He suggested that the NPC sternly deal with the senior government cadres practing unhealthy tendencies. [passage omitted]

Shanghai: A Sense of Urgency with Regard to Legislation [subhead]

Cadres and people in Shanghai are universally concerned about the economic laws on the agenda of the NPC. Hou Shuting, director of the Shanghai No 5 Steel Mill said: The more decisionmaking powers enterprises enjoy, the more they need state guidance. When the government decreases its control over enterprises, regulation by law becomes more important. Moreover, the legitimate rights and interests of enterprises and directors' rights to manage enterprises in accordance with law need legal protection. Although there is still something to desired of the "enterprise law" [draft], no law will be able to foresee all the problems. [passage omitted]

Wuhan: A Woman Entrepreneur's Expectations for Price System Reform [subhead]

Liu Guyin, director of the Zhongnan rubber plant, who just returned from Beijing after receiving an award at the first national meeting held to confer the title of outstanding entrepreneurs on 50 women, attentively watched the live broadcast of the NPC opening on 25 March. She said: Acting Premier Li Peng's report is very clear and inspiring. The report evaluates, in a very objective manner, the problems in the nation's current political and economic life. It does not evade problems or mince words. The report points out: An outstanding problem in our economic life today is the excessive rise in prices, which has effected the normal life of the people. Our plant, for example, is the largest rubber manufacturing enterprise in the Southwest, which turns over to the state 20 million yuan annually. Due to rising raw material prices, the cost of our key product — conveyor belts — has increased to 11 yuan per square meter and its selling price to below 10 yuan. Including taxes and administrative expenses, we already lost 800,000 yuan in January and February alone. Due to the steep price hikes of raw materials, enterprises are hard-pressed to bear the burden no matter what measures they take to offset the price hikes. After hearing Comrade Li Peng's report today, I feel very relieved. The state is determined to take diverse measures to readjust the price system. Life will be much easier for enterprises if we bring irrational and illegal price increases under control.

ZHONGGUO XINWEN SHE Comments

HK251558 Beijing ZHONGGUO XINWEN SHE in Chinese 1347 GMT 25 Mar 88

[Report by Guo Zhaojin (6753 2156 6855)]

[Text] Beijing, 25 Mar—The First Session of the Seventh NPC which started in the Great Hall of the People this afternoon has attracted the attention of the people because it will provide them with the necessary information on China's development for the coming five years.

This reporter listened to Acting Premier Li Peng's Government Work Report and got this impression: During the next five years the government will continue to use reform to consider the overall situation and to stabilize and develop the economy.

Li Peng pointed out in his report: In the thousands of jobs the government is undertaking, only by using reform to consider the overall situation can we control the complicated situation and guide the work in all fields, like pouring water off a steep roof.

As we remember, during the handover of work at a Plenary Session of the State Council on 1 December last year, there was a dialogue between former Premier Zhao Ziyang and Li Peng:

Zhao Ziyang said: "Make sure that reforms will never stop. Reforms are like a boat sailing against the current; if it does not forge ahead, it will be driven back."

Li Peng answered: "I will do my best in my work and push reforms forward!"

From Li Peng's report we know that he is using reforms to consider the overall situation and is applying this basic principle to the arrangement of the State Council's work for the coming five years.

On the basis of the reforms to be carried out in the coming five years Li Peng pointed out that it is necessary to carry out comprehensive reforms focusing on the deepening of enterprise reform, and including reform of

the: planning system; investment structure; financial system; price system; commercial structure; labor and wage systems; urban and rural housing systems; and the foreign trade structure, all aimed at establishing the leading role of the new economic structure.

These reform measures are the continuation and deepening of reforms over the last 5 years. Thus we can rest assured that China will maintain the continuity of its reform policy and that the next government will devote its efforts to deepening reforms.

In comparison with the difficulties in reforms over the last five years, the problems in reforms today may be more complicated, because from a period of fast advance China's reforms have entered the period of stalemate, in which the old and new structures coexist, contradict, and strike each other. Some people here pointed out that China is facing unprecedented difficulties in quite a number of spheres.

Li Peng did not evade these difficulties. He frankly told the deputies, totaling almost 3,000, that the current economic work "has quite a few difficulties and problems" and "is facing many new contradictions."

Nor did Li Peng evade the problem of prices, which the people frequently talk about and which has even caused their dissatisfaction. He analyzed the reason for the excessive increase in the prices of some goods and then reported a series of comprehensive measures the State Council is adopting on the price problem.

Practice has proved that China can only conduct reforms under the circumstance where its economic environment is not so relaxed. People are expecting too much from reforms. Before resigning his post as premier, General Secretary Zhao Ziyang humorously answered a question at a news conference granted by the 13th CPC Congress: "People hope for a premier who only increases wages but not prices, or even reduces prices. It seems that I cannot make it in my term of office. I hope that the next premier will do better than I did."

The next premier may meet the same difficult problems. In his report, Acting Premier Li Peng, on the one hand, called on the people to understand and support reforms and admonished them that to achieve success in reforms they need to work hard or even pay a high price and, on the other hand, he said that in carrying out reforms and construction it is necessary to give full consideration to the acceptance abilities of the state, enterprises, and the masses. Reforms must be carried out unswervingly. In order to create a good economic environment for reforms Li Peng has put forward a series of measures to steadily develop the economy.

Discussions More 'Critical', 'Creative'

OW280858 Beijing XINHUA in English 0750 GMT 28 Mar 88

[Text] Beijing, March 28 (XINHUA)—Deputies to the First Session of the Seventh National People's Congress (NPC) are more critical in discussing reports delivered at the session and more creative in raising proposals than in previous NPC sessions, observed the "WORKERS' DAILY" today.

"This indicates that NPC deputies have enhanced their sense of participation in government and political affairs and it also points to improved democracy and openness of the NPC session," the paper said.

Deputies in their first panel discussions immediately started commenting on the merits and shortcomings of the Government Work Report. Some said it is "too flat" while others said "proposed measures are not forceful".

Many deputies, especially newly-elected ones, have brought in many proposals which they collected from among the voters before the session.

Lu Yingjuan, a woman worker from the Shanghai No 31 cotton mill, said she would discuss the difficulties in implementing the contracted managerial responsibility system in Shanghai's textile industry.

Some model workers, who were believed to be good at their jobs but not good NPC deputies, have become competent in participation of state affairs, the paper said.

Yan Fabing, a model worker from a coal mine in Henan Province, raised many proposals including ones on expanding coal production, on checking illegal small coalpits and on problems concerning coal miners, according to the paper.

Deputies Deliberate Report

OW280617 Beijing XINHUA Domestic Service in Chinese 1533 GMT 27 Mar 88

[Text] Beijing, 27 Mar (XINHUA)—When the First Session of the Seventh NPC began to deliberate Acting Premier Li Peng's "Government Work Report," discussions on the report touched on its substance. Reports filed by 15 reporters of this agency on the discussions by various NPC delegations show that hot subjects attracting the attention of the public at present, such as opening to the outside world, reform, price rises, and the steady development of agricultural production, are also the topics discussed most by NPC deputies.

Whether or Not the Pace of Reform Can Be Accelerated a Little More According to the Conditions and Popular Feelings of the Country (subhead)

Deputies from Guangdong, which has benefited from reform, have gained a lot of experience in reform and opening to the outside world. Mayor Liang Guangda of Zhuhai City called the past 5 years "the 5 years of real reform." People in Guangdong are carrying out reforms wholeheartedly, and 80 to 90 percent of the commodities in the province are regulated by market forces. Restrictions on matters from prices to the labor and personnel system, capital construction, and communications have been increasingly relaxed. As a result, the whole society in the province is "invigorated." Now tens of thousands of businessmen come to the province to do business. Guangdong earned $5 billion in foreign exchange last year.

Reforms are being carried out in every field in the capital. Although there are twists and turns, we still should overcome them through reform. NPC Deputy Chen Xitong said, citing an example: In the first half of 1986, Beijing Municipality's industry was in a difficult situation and its growth rate was negative. By instituting a contract system, industrial production increased in the second half of that year. Based on this, the mayor said: The development of the productive forces depends on reform. When the productive forces are developed, our problems, such as housing, cars, gas stoves, groceries, and schooling, will be solved.

At a discussion, Kong Fanxi, party branch secretary of Jinjiabao Village in Hebei's Baxian County, where village and town enterprises are developing vigorously, spoke highly of reform but felt that the state should provide more financial aid to peasants. Someone then reminded him that the state laid down a policy in this regard. Those present laughed and said: That's right, and the policy is terrific. Kong Fanxi nodded his head. As a result of reform, per capita income in the remote village of Jinjiabao, which had been poverty-stricken, increased from 600 yuan in 1984 to 1,500 yuan in 1987. This peasant deputy who "is still not content with the situation" then proposed: More flexible measures should be allowed to be taken in reform, and "village and town enterprises and state enterprises should be permitted to share the same sources of raw materials and energy supplies so that we Chinese can compete with one another."

Opening to the outside world and development projects are bringing about changes in urban and rural areas from the coast to the interior of the country. NPC deputies described the contours of reform, which proceeds in an orderly way and step by step throughout the country. A history of reform is written every 5 years. As many deputies approved in their speeches, the conclusion of the government work report conforms to the conditions of the country and is in keeping with the common aspirations of the people. SUBJ

Lively Discussions With Suggestions, Criticisms, and Identical and Differing Opinions and With Everyone Eager To Put in a Word (subhead)

Since the Government Work Report is still under discussion, no consensus is sought on it. Many deputies have affirmed that the report to this session is realistic and points out what differs from reality.

Prices can be called the subject of much discussion among NPC deputies. Deputy Lin Yuankun from Fujian stated this view: Prices have gone up too much. They cannot be controlled, but we still have to try to control them. The key is to rationalize the pricing system and to improve the price control system. Deputy Ding Wenbin, administrative commissioner of Hebei's Baoding Prefecture, asked other deputies not to be "jealous of" peasants who sell their products at higher prices. They have to take risks. A hailstorm hit Hebei last year and seriously damaged the watermelon crop, about which the family members of some peasant households cried in their fields.

Subsidizing prices is not a permanent solution after all. Some experts are considering some measures which are yet to be tested.

Almost every group discussion was very animated. It is not an exaggeration at all if the common journalistic expression "a lively atmosphere prevails" is used to describe the group discussions.

Comments were made on the report sentence by sentence, paragraph by paragraph. The report devotes only one sentence composed of eight characters to major accidents that have taken place in recent years. Deputy Ding Zhaomin from Liaoning expressed dissatisfaction with this. He said: "Too little has been said about such accidents. Where are the measures to solve such problems?" Deputy Qian Xiaoping from Jiangsu pointed out: The wording of the paragraph of the report dealing with both sides of the Taiwan Strait "is very stilted and smacks of slogans."

Not all speeches were praise. Deputies spoke while others listened. It can be predicted from the first group discussions that the extent of democracy and openness will increase with the progress of the session.

The Seniority of Deputies Is Respected, But Some "Little People" Feel They Are "On Equal Footing" With Leaders (subhead)

As in the past, arrangements for deputies to speak are made somewhat according to seniority. The leader of a province or locality is usually the first to speak.

In deliberating the Government Work Report, a responsible cadre of a province first made a lengthy speech and then asked other deputies to discuss the report. Some deputies said that we should listen to more speeches by leaders. This seems to be an "old habit" or a psychological impediment. As a matter of fact, all deputies are elected by the people, and there should be no difference between leaders and the masses.

However, reporters have discerned changes. In the past, lengthy reports on "the work of government" of provinces, cities, or prefectures were made at group discussions, but they have disappeared this year. Speeches by leaders include some data and percentages, but what they say generally conforms to actual conditions and is couched in the language of the ordinary people.

Some deputies from basic units have no stage fright at all. For example, deputies from basic units in Jiangsu, Hebei, and Zhejiang made speeches from prepared scripts the day after the opening of the session. It can be seen from this that people's consciousness about participating in government and political affairs has become stronger and stronger.

Various Groups Examine Report

OW261712 Beijing XINHUA in English 1553 GMT 26 Mar 88

[Text] Beijing, March 26 (XINHUA)—Deputies to the current session of the Seventh National People's Congress began this afternoon panel discussions about the Government Work Report delivered by Acting Premier Li Peng to the session.

In the meeting rooms of 13 hotels and reception centers here, they aired different views on major areas covered in Li Peng's report, such as agriculture, price, education, science and technology.

Shandong Provincial Governor Jiang Chunyun cited facts in Shandong's agricultural production over the past few years to show that it is imperative to follow the law of value in guiding commodity production.

The northwestern part of Shandong Province turned from a grain-deficient area into a grain supplier in the first few years of the rural reform which began in 1979.

The success is due primarily to higher grain purchasing prices and other government policies to aid farming, he said.

"In the last two years, however, we have failed to apply the law of value in guiding pig breeding, resulting in a drop in the number of pigs in stock," he said.

"In guiding commodity production, I think we must always follow the principle of keeping in line with the law of value," he noted.

"This NPC session is of great importance," said Tong Ping Tat, NPC deputy and honorary chairman of the Chinese General Chamber of Commerce of Hong Kong.

"As a deputy, I feel very proud after I heard the Government Work Report, because China's economy has enjoyed such growth from the verge of collapse 10 years ago," said Tong.

Professor Li Jingxi of Xiamen University said that the five measures for solving the price problem listed by the acting premier in his report are correct.

He suggested that restriction of the issue of money should also be included as another measure to solve the problem since the overissue of money is another factor causing excessive price rise.

Doje Cering, chairmen of the government of the Tibet Autonomous Region, said that areas inhabited mainly by people of minority nationalites may face more and more difficulties as the reform develops because of their poor economic foundations.

He urged the central government to give more consideration about the special conditions of minority nationality areas and formulate more favorable policies for them.

Li Guiying, 61-year-old chairman of the Standing Committee of the People's Congress of Yunnan Province, said that in formulating policies, the central government should leave more benefits to minority nationality areas to help them get rid of poverty as soon as possible.

Guangdong Supports Open Policy

OW251724 Beijing XINHUA in English 1623 GMT 25 Mar 88

[Text] Beijing, March 25 (XINHUA)—Liang Lingguang, former governor of south China's coastal Guangdong Province, said here today that the open policy has promoted economic development in his province.

Liang, a deputy to the Seventh National People's Congress (NPC), said this while discussing the report on government work delivered by Acting Premier Li Peng.

In an interview with XINHUA after [words indistinct], Liang said that Guangdong's experience demonstrates the correctness of the open policy.

Guangdong Province, he said, used to have an economic growth rate lower than the national average. This has changed in only a few years since the country began to open itself to the rest of the world.

Both government officials and the ordinary people in Guangdong are now confident about quadrupling the province's 1980 gross product in 1995, five years ahead of the dead line for the whole country to achieve such a goal, he said.

He gave support for the reform of the pricing system although he admitted that civil servants may feel tight with money.

He said that to stabilize the price does not mean to freeze the price. Guangdong used to have very stable prices for fish, but people had to hunt for it in the market. although fish prices rose after were allowed to fluctuate according to market demand, they were reduced again when more fish were produced.

Yen Wei, another deputy and professor of Zhongjhan University, was more concerned about education. He expressed dissatisfaction with the development of China's education.

He said that the educational development has failed to keep up with the country's economic growth, urging officials of the state education commission to be more bold in educational reform.

Tang Xin, a senior engineer of the Nanhai Western Petroleum Corporation, said that the open policy has promoted the country's offshore oil exploration. Such a policy should be continued on a larger scale, especially in coastal areas such as Guangdong Province. he said.

He also expressed satisfaction with the work of the central government, saying that it had done a lot to invigorate China's economy.

Army Deputies Praise Objectiveness

OW261808 Beijing XINHUA in English 1407 GMT 26 Mar 88

[Text] Beijing, March 26 (XINHUA)—"An objective and realistic report that reflects the people's wishes" is the comment shared by all Liberation Army deputies to the current session of the National People's Congress (NPC) on the Government Work Report by Acting Premier Li Peng.

In panel discussions this afternoon, the Army deputies aired the view that Li Peng did not overestimate China's achievements in the last five years, and that he did not shun such problems as price rises, bureaucracy and misconducts, indicating the government's courage and confidence to solve them.

One deputy sapd, "the report lists accelerating defense building as one of the country's 10 major tasks in the next five years. This is an enormous encouragement to all officers and men of the People's Liberation Army."

Chi Haotian, chief of the general staff, described the enhancing of the people's defense awareness as "very important".

"Otherwise, we can hardly attain the objective set by the government in stepping up national defense building and improving China's defense strength," he noted.

Zhang Maozhong, 20, a combat hero from an army unit in Yunnan Province, said, "price rises have affected soldiers' livelihood to some extent. I hope the government will arrange more help to soldiers' families."

The army delegation has 267 members, more than any other NPC delegation. Before the current NPC session, army deputies solicited opinions from among officers and men about China's political and economic reforms, and army modernization. They plan to propose several motions during the NPC session.

Shandong Governor Urges Compliance

OW261640 Beijing XINHUA in English 1226 GMT 26 Mar 88

["Shandong Governor Stresses Law of Value"—XINHUA headline]

[Text] Beijing, March 26 (XINHUA) — Shandong Provincial Governor Jiang Chunyun has pledged to apply the law of value in guiding commodity production in Shandong, one of China's largest agricultural producers.

He urged all local officials to study in what he called the "great school" of the law of value, while discussing the Government Work Report by Acting Premier Li Peng.

"We must attach great importance to the law of value as we're expanding an export-oriented economy and facing intense competition at home and abroad," he told other NPC deputies from Shandong Province.

He listed five measures to promote the application of the law of value in Shandong Province.

The first is to accelerate the price reform by lifting price control step by step to greatly expand production of goods in short supply.

Another measure requires government offices, especially economic managerial departments, to improve forecast of market demand.

The third measure is to provide commodity producers with market information so that they are able to arrange production in line with market demand.

The fourth measure is to improve circulation channels, making it possible for different areas and industrial enterprises to supply each others' needs.

The last is to tighten market administration and ban unjustifiable price rises. "We must punish according to law speculators and profiteers," the governor said.

He cited Shandong's cotton production to illustrate how the law of value works.

Owing to a low purchasing price, the province's annual cotton output stood at around 150,000 tons before China began rural reforms in 1979; and with a higher purchasing price, it soared to 1.73 million tons in 1984.

According to him, sagging pig production in the last two years was due to higher fodder prices resulting from shortage of grain.

"We had noticed this problem, but failed to apply the law of value pig production by raising the purchasing price," he pointed out.

For this reason, he proposed that the state increase subsidies for farm and sideline products and raise grain prices to agouse farmer's initiative for grain production.

Li Huiyuan, another deputy, expressed the view that raising prices and increasing subsidies for farm products alone will not always work.

"I think sorting out production relations combining technology with farming are the fundamental way to expand agricultural production," he pointed out.

Beijing Deputies on Price Hikes

OW261719 Beijing XINHUA in English 1545 GMT 26 Mar 88

[Text] Beijing, March 26 (XINHUA)—National People's Congress deputies from Beijing today praised Acting Premier Li Peng for not avoiding the topic of price hikes in his Government Work Report and said the problem needs to be dealt with very seriously.

Professor Tao Jayong, a senior Chinese economist, said that price hikes have seriously affected people's living standard. He expressed doubt over the government calculated price rise of 7.2 percent last year, saying that the figure could well reach two digits. He said that price hikes have affected most of his colleagues in the Beijing Teachers' University.

Life of secondary school teachers have not improved very much although they have gotten a 10 percent pay raise in recent years, a secondary school teacher cut in.

Tao suggested that the Price Bureau regularly publish price indexes on daily necessities. People would stop complaining if the government grants subsidy in accordance with these indexes, he said.

Though people complain a lot today, they still trust the government in solving the problem, said Tao, adding his colleagues never fail in their work.

Deputies agreed that price rise is inevitable in developing a commodity economy but excessive price hikes can be avoided. Professor Tao urged the government to straighten out the irrational pricing system.

The professor also expressed worry over mismanagement of land in major grain producing provinces of Sichuan, Jiangsu and Zhejiang.

"Ours is a large country with a population of one billion," he said. China's population increases by 10 million every year, while its farmland decreases by 530,000 hectares annually.

But China can not depend on imported grain to feed its huge population, he said.

Tibetans Urge Favorable Policies

OW261725 Beijing XINHUA in English 1506 GMT 26 Mar 88

[Text] Beijing, March 26 (XINHUA)—Tibetan deputies to the Seventh National People's Congress (NPC) today urged the central government to formulate more favorable policies for areas inhabited by minority nationalities.

This view was aired by NPC deputies from the Tibet Autonomous Region in their panel discussion of the report on government work delivered by Acting Chinese Premier Li Peng to the NPC session. Ngapoi Ngawang Jigme and Bainqen Erdini Qoigyi Gyaincain, vice-chairmen of the Sixth NPC Standing Committee, joined in the discussion.

While expressing appreciation for Li Peng's summary of past achievements, Doje Cering, chairman of the government of the autonomous region, questioned about some policies formulated by the central government for the whole country which give little consideration of different areas.

He said that the central government has failed to consider the special conditions of areas inhabited mainly by people of minority nationalities. These areas are no match for economically-developed provinces because of poor natural conditions and backward economies. It is unfair to let them compete with each other by the same rules.

"We should protect the interests of minority nationalities as we do the interests of women and children because women are weak in social life. Of course, there are exceptions where women are more powerful in the family," Bainqen said, making all those present laugh.

Doje said that along with the deepening of the reform, it will be more difficult for the areas inhabited by minority nationalities to respond as quickly as other provinces to various new policies because of their backwardness.

He urged the central government to give more consideration to the special conditions of minority nationality areas and formulate more favorable policies for them so that the national economic restructuring can develop in a coordinated way.

Doje said that while drafting laws, the NPC has also shown a lack of understanding of minority nationality areas, treating them the same way as they do other areas.

Bainqen noted that attention should be paid to training cadres of minority nationalities, which has to be done step by step.

Wu Jinghua, secretary of the Chinese Communist Party committee of the autonomous region, said that the NPC Nationalities Committee has limited power and its members, who live and work in various parts of the country, cannot meet regularly to discuss their work. The Presidium of the current NPC session should take note of this problem.

He also called on departments concerned to strengthen their study of the history and culture of minority nationalities, since they are important for formulating policies towards nationalities.

Shanghai Group on Intellectuals

OW261754 Beijing XINHUA in English 1451 GMT 26 Mar 88

[Text] Beijing, March 26 (XINHUA)—National People's Congress deputies from Shanghai complained about intellectuals' low pay, which they described as "devaluation" of intellectuals, at panel discussions on the Government Work Report here today.

Wu Dakun, professor of economics at People's University, said his monthly wages have been raised to 270 yuan, only 30 yuan more than what he got in the 1950s.

He said that many newly promoted university professors get less than 200 yuan a month and it has been very difficult for them to get professional titles.

Zhang Yuanzhen, a Shanghai senior engineer, said, it is no wonder that some people say prices rise for everything except for the intellectuals who are "devalued."

Zhou Gucheng, vice-chairman of the Sixth National People's Congress's Standing Committee, said that many intellectuals sometimes cannot afford to buy valuable dictionaries they need and find it difficult to get their books published because it is unprofitable to publish books on scientific research.

"All this should not continue if the country wishes to develop," Zhou said.

He said, "we should rely on scientific and technical progress to improve workers' quality and accelerate economic development."

He said that personnel exchange and reform of personnel system should be encouraged to improve intellectuals' living and working conditions.

Hong Kong, Macao View Report

OW261813 Beijing XINHUA in English 1607 GMT 26 Mar 88

[Text] Beijing, March 26 (XINHUA)—Deputies from Hong Kong and Macao to the Seventh National People's Congress today suggested that the problem of misconduct and education should be given more attention in the Government Work Report delivered yesterday.

Ng Hong Man, principal of Pui Kiu Middle School of Hong Kong, said at today's panel discussion that the problem of misconduct and education should be elaborated in the report and effective measures be taken to tackle the two issues.

Tang Xingqiao, chairman of the Federation of Trade Unions of Macao, said that the Government Work Report deals at length with price hikes and spells out a number of measures to cope with this. The same attention should be given to the problem of misconduct.

A Macao deputy said culture, arts, the press and publishing should be more stressed in the report since many publications bear no social value, hampering the development of culture.

He said that the proposed subsidy to price hikes will not work, adding that prices can only be determined by production and demand.

Tong Ping-ta, honorary chairman of the Chinese General Chamber of Commerce of Hong Kong and chairman of Hwa Mao Trading Co. Ltd., noted that opening and reform saved China's economy from the brink of bankruptcy nearly ten years ago. There was remarkable progress in various fields although problems remained.

Cheng Yiu Tong, chairman of the Federation of Trade Unions of Hong Kong, described the Government Work Report as "true to facts." It touches on achievements as well as shortcoming, objectives as well as measures to attain them, he noted.

Hubei Deputies Discuss Report

HK270343 Wuhan Hubei Provincial Service in Mandarin 1000 GMT 26 Mar 88

[Excerpts] Our reporterl (Liu Yingqing) reports from Beijing that some of the province's deputies to the First Session of the Seventh NPC gathered last night in the meeting room of the place where they are staying to discuss their feelings about Acting Premier Li Peng's Government Work Report.

Deputy Xiong Yuanzhu said: The Government Work Report delivered by Acting Premier Li Peng was imbued with the spirit of seeking truth from facts in making an all-round summation of China's achievements in reforms and opening up over the past 5 years, pointing out problems such as rising prices, and proposing the orientation and

goals of reform and construction in the next 5 years. In particular, it assigned agriculture and science and education the 1st andf 2d places in the 10 forthcoming tasks. This greatly encourages us comrades engaged in agricultural scientific research. [passage omitted]

What most impressed Peng Yingming, a Tujia deputy, was that Acting Premier Li Peng specifically mentioned strengthening nationality solidarity and preserving the unity of the motherland. He said: The report reflected the aspirations of the Hans and of the more than 50 minority nationalities. [passage omitted]

Deputy Qi Lin said: The Government Work Report proposed glorious and arduous tasks. An important thing in fulfilling these tasks is to rule the government and party with strictness and resolutely oppose the rotten cadre work style of abusing power for private purposes.

Yunnan Deputy on Regional Law

OW271031 Beijing XINHUA Domestic Service in Chinese 0248 GMT 27 Mar 88

[XINHUA reporter Lu Xiaohua and YUNNAN RIBAO reporter Luo Jie]

[Text] Beijing, 27 Mar (XINHUA)—While examining the Government Work Report, Li Guiying, deputy to the Seventh NPC and chairman of the Yunnan Provincial People's Congress Standing Committee, said that the State Council and its departments concerned have not attached sufficient importance to implementing the National Regional Autonomy Law.

The 61-year-old woman of Yi nationality spoke first at a small group meeting. She said: The Government Work Report points out the necessity to seriously implement the National Regional Autonomy Law and bring the national regional autonomy system to perfection. I heartily support the proposition. The National Regional Autonomy Law was promulgated almost 4 years ago. All autonomous regions are formulating their autonomy regulations based on the National Regional Autonomy Law," but the State Council or its departments so far have not prepared any regulations based on the National Regional Autonomy Law concerning the assistance and support that higher-level state organs should give to regions of minority nationalities. Of course, the assistance and support given by the state to regions of minority nationalities have been tremendous. What I am saying is that since we have already adopted some effective supportive measures, we should codify them into law. At the same time, we should also formulate new measures to meet the new circumstances emerging in the course of reforms in the regions of minority nationalities. I suggest that the following sentence be added to the work report: The State Council and its departments concerned should formulate as soon as possible certain provisions and measures for implementing the National Regional Autonomy Law.

Deputy Li Guiying pointed out: On the other hand, The State Council, when drawing up policies, should consider the peculiarity of the regions of minority nationalities and should not demand "uniformity." We should treat autonomous regions and non-autonomous regions differently according to their conditions. We should pay attention to the special situation and special problems in the regions of minority nationalities and adopt special policies for helping those regions develop a commodity economy.

Deputy Li Guiying said: Yunnan is a multi-national border province. I suggest that the State Council will practice a special policy of "setting a quota and letting the province keep or share the above-quota portion" with regard to Yunnan's delivery, to the state, of raw and processed materials that are in short supply. The State Council should also properly delegate some power and yield some proceeds to Yunnan with regard to retention of some revenues from tax payment and profit delivery, and to cured tobacco and cigarette production. This will greatly benefit Yunnan's economic development. She said: Regions of minority nationalities account for 70 percent of Yunnan's total area and people of minority nationalities account for 51.4 percent of the province's total population. So far, 4 million people in the province still have problems concerning basic needs in food and clothing.

Tianjian Urges International Port

OW271156 Beijing XINHUA in English 1148 GMT 27 Mar 88

[Text] Beijing, March 27 (XINHUA)—A deputy from Tianjin Municipality to China's Seventh National People's Congress today suggested turning Tianjin into an international port for ocean shipping.

Ye Disheng, 50-year old general manager of the corporation of Tianjin's economic and technological development area, put forward this proposal while commenting on the Government Work Report by Acting Premier Li Peng to the NPC session.

He said the original plan for the Tianjin development area was short-sighted, aiming only for the markets of northeast, north and northwest China. Since there are already 14 economic development areas with different advantages along the country's coast, Tianjin's development area should plan its development by proceeding from its actual conditions in line with the country's strategy for speeding up economic development in the coastal regions as mentioned in Li Peng's report.

Unlike Guangdong Province which is close to Hong Kong and Macao, Ye said, Tianjin cannot expect to have much to do in developing processing industries depending on customer-supplied materials. Instead, Tianjin should develop shipping to the United States, Japan and Southeast Asia.

Being the largest international port in north China, he said, Tianjin port boasts the country's largest container wharf. There are also two railway lines linking up the city with Europe via the Soviet Union. Ships can also sail from Tianjin port to North and South Americas through the Pacific or East Europe via the Atlantic.

With more flexible policies and through international cooperation, he said, Tianjin can become an international transfer port, serving as a continental bridge for sea and land transport.

But, Ye said it is impossible to turn Tianjin into such an international port by its efforts alone. Tianjin, Beijing and Hebei Province should be taken as a whole in drawing up such a plan in order to shift the industry of north China closer to the port.

Gansu Leader on Development Zone

HK270307 Lanzhou Gansu Provincial Service in Mandarin 0000 GMT 27 Mar 88

[Text] When Gansu's delegation to the NPC discussed Acting Premier Li Peng's Government Work Report yesterday afternoon, Comrade Jia Zhijie proposed the establishment of an energy and economic development zone on the upper reaches of the Huang He, in view of the new opportunity and challenge provided by the implementation of the coastal economic development strategy. Here is a report filed by our station reporter (Pei Lihua) from Beijing:

[Begin (Pei) recording] Comrade Jia Zhijie said that the 900-kilometer section of the upper reaches of the Huang He from Longyangxia to Qingtongxia is rich in hydropower resources and minerals. There are abundant coal reserves and a considerable industrial foundation. We can apply the rolling development method to build 15 stepped hydroelectric stations and a number of [word indistinct] power stations, and form a powerful electric power grid with hydroelectricity as the mainstay and with the addition of thermal power also. With this as the prop, we can build large bases for feroalloy, non-ferrous metals, coal, and chemicals.

The exploitation of hydropower in this region is characterized by small investment requirements, short construction cycle, and rapid results. In view of this, Comrade Jia Zhijie discussed the matter with comrades from Qinghai Province and proposed that this region be opened up. They proposed that the state should provide preferential policies, as follows:

1. Use preferential policies to attract investment from abroad and the coastal provinces and run enterprises as joint ventures or wholly foreign-owned undertakings. Private individuals should be allowed to run enterprises, without any restrictions.

2. Make full use of the existing policies by levying a 2 fen charge for every kilowatt hour of electric power, to be used as investment capital.

3. Lift all restrictions on the prices of raw materials. The resulting income should be used as development funds for the region.

4. Increase the depreciation of the existing power stations, [words indistinct], and ensure that they make and retain more income, to be used in the rolling development of hydroelectricity stations.

5. Establish development funds for special projects, which will benefit the effort to bring in capital, technology, and equipment from home and abroad.

Jia Zhijie said that apart from providing reliable supplies of raw materials for the coastal regions to meet the implementation of their economic development strategy, the establishment of an economic development zone on the upper reaches of the Huang He will also benefit economic deveolopment in west China, strengthen nationality solidarity in this region, develop the excellent situation of stability and unity, and play the role of ensuring that the coastal regions and the interior can achieve balanced development. [end recording]

Shanxi Deputies Cite Report

HK280117 Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 27 Mar 88

[Text] According to a dispatch filed from Beijing by our station reporter (Sun Yanzhen) on the evening of 27 March, since 26 March the Shanxi delegation to the First Session of the Seventh NPC has been holding panel discussions on Acting Premier Li Peng's Government Work Report. The deputies held that this report has incisively analyzed China's economic situation over the past 5 years, comprehensively summed up the universally-acknowledged achievements in reforms and opening up and the experiences accumulated in exploration and practice, and explicitly pointed out the goals, guidelines,and tasks for construction and reforms in the next 5 years. It is a down-to-earth and encouraging report.

The deputies gave good views on how to give scope to the initiative of the central authorities and the localities. Deputy Lu Wenxiong, vice president of Taiyuan Industrial University, said: Shanxi abounds in mineral resources, and ranks first in the country in rerserves of seven minerals. However, at present the economic returns are not good. The average income of Taiyuan residents ranks low among the country's medium-level cities.

He said: Shanxi cannot depend on selling and consuming its resources. If it does so, it will always be a third world in China. On the question of how to turn strong points in energy into strong points in commodity economy, he

proposed that the central authorities allow Shanxi preferential policy treatment. For instance, 37 percent of the country's coal exports come from Shanxi, but the province has no coal exporting powers. He hoped that the State Council will take account of Shanxi's economic development and allow it coal exporting powers.

The deputies also put forward sincere suggestions and hopes regarding issues raised in the report such as developing agriculture and deepening the reforms.

Hunan Stresses Reform Measures

HK280153 Changsha Hunan Provincial Service in Mandarin 0100 GMT 28 Mar 88

[Text] According to HUNAN RIBAO, the Hunan deputies to the First Session of the Seventh NPC started to discuss Acting Premier Li Peng's Government Work Report on 26 March. While endorsing this report, they also gave their own views on certain sensitive issues and mistakes in work which it touched on.

Deputy Liu Fusheng said: To deepen the reforms, we must perfect a complete set of matching measures for the reforms. For instance, in readjusting prices, we cannot just control the prices of agricultural products. The main reason why Hunan's grain production has stagnated for 4 successive years is that the prices are irrational, and the more grain the peasants sell, the more loss they suffer. This damages their enthusiasm.

Deputy Huang Daoqi said: The central authorities' strategy on coastal economic development is wise, but some constraining mechanism is needed in extending the two ends outside [looking to the international market for raw materials and sales]; otherwise the coastal regions may extend the two ends inside or one end inside and the other outside, with the interior becoming a base for primary products and a sales market for commodities. A benign cycle in the domestic economy is just as important.

Deputy Zhu Huaian said: There was enthusiastic applause in the hall when Comrade Li Peng spoke on promoting science and technology work. It is evident that ther deputies attach great importance to science and technology work. However, at present spending on research is too small, and some research institutes lack the money for research and can only engage in business operations.

Deputy Yang Xiangqun said: Reforms of the education structure lag behind those of the economic structure. The schools lack decisionmaking powers, and certain people even intervene in the question of whether the door of a building should face east or west.

Henan Deputies Encouraged

HK280237 Zhengzhou Henan Provincial Service in Mandarin 2300 GMT 27 Mar 88

[Excerpts] According to Henan Radio and Television News Center reporter (Zhang Guoqiang), the Henan deputies to the First Session of the Seventh NPC started panel discussions on Acting Governor Li Peng's Government Work Report in the afternoon of 26 March. [passage omitted] The deputies held that the report is extremely encouraging; it embodies the spirit of the 13th party congress and the work style of seeking truth from facts.

Deputy Cheng Weigao said: Acting Premier Li Peng's report puts the vigorous development of agriculture in the first place in all work. This is fully correct and accords with China's national condition. To reach the goal of producing 500 billion kg by the end of the century, we must first, promote water conservancy construction, build a complete set of water conservancy installations, and actively probe ways and methods of achieving stable and high yields on dry land. Second, we must do a good job in autumn grain production. We must grasp both grain and cash in summer and autumn. Third, we must seriously resolve problems in grain prices, supplies of agricultural production materials, and excessive burdens on the peasants. In addition, we must actively improve medium- and low-yielding fields, appropriately increase investment in agriculture, and popularize advanced technology.

On deepening enterprise reform and developing industrial production, Cheng Weigao said: Agriculture is the foundation, but agricultural development depends on industry. We can only support and improve agriculture when we have greater financial strength from developing industry. Hence, all urban reforms must serve the enterprise reforms, otherwise the entire effort is just empty talk.

Deputies Guo Peijun, Wu Shaokui, Li Ming, Zhang Jinghui, and others said that the current hot topics are the excessively rapid price rises and the poor social order conditions; there has been no decline in major and serious cases, and traffic accidents are common. Certain units and individuals indulge in extravagance and waste, and there is a serious degree of pornography and acceptance of bribes. We must take steps to resolve these problems.

On the problems in building spiritual civilization, deputies He Zemin, Yu Heiding, and Song Yuxi said: At present certain people only talk about economic returns and say nothing about social effect [shehui xiaoyi]. Chinese people ought to have the aspirations of Chinese people; they should stress patriotism and collectivism. At present there is too little propaganda and literature and art on this aspect, and it should be stepped up. [passage omitted]

Shaanxi Deputies Discuss Reform

HK280311 Xian Shaanxi Provincial Service in Mandarin 0030 GMT 28 Mar 88

[Excerpts] According to our station reporter (Li Xinfeng) in Beijing, the province's deputies to the First Session of the Seventh NPC discussed Acting Premier Li Peng's Government Work Report on the afternoon of 26 March. [passage omitted]

Deputy Hou Zongbin said: The report summed up five experiences on the basis of reviewing the course of construction and reform in the past 5 years. In connection with Shaanxi's conditions, I want to focus on the second of these experiences, which is, whether in construction or reform, we must proceed from reality, emancipate our minds, and respect practice.

Hou Zongbin said: Shaanxi must further emancipate the mind, and break through the bindings of traditional concepts, habitual forces, and ossified management patterns. The essence of emancipating the mind is to adhere to the ideological line of seeking truth from facts. We must be bold in doing things that benefit the development of the productive forces.

Deputy Li Xipu said: Acting Premier Li Peng's report makes reform dominate the overall situation, embodies economic construction—the core task—and upholds the two basic points. The report is a development and an expression in specific terms of the 13th party congress report. In particular, it devotes an entire section to giving an all-round exposition on China's foreign policy, enabling people to understand our foreign policy better. [passage omitted]

Yunnan Urges More Interior Aid

HK280457 Kunming Yunnan Provincial Service in Mandarin 0400 GMT 28 Mar 88

[Excerpts] The Yunnan deputies to the First Session of the Seventh NPC started discussing Acting Premier Li Peng's Government Work Report on the afternoon of 26 March. The discussion took place in a lively atmosphere as the deputies aired their views bluntly and freely. They fully endorsed the Government Work Report. [passage omitted]

The delegates had much to say on the question of how to further assist work in the border and minority-nationality areas while implementing the coastal development strategy. The deputies held: We should step up our economic ties with the coastal regions, so as to lead forward the development of the interior.

Deputy Duan Yuhua proposed: The State Council should consider the development of the coastal regions and should also continue to support the border and minority-nationality regions. As far as Yunnan is concerned, the important thing is not how much money is provided but what policies are allowed. For instance, we should be helped to find raw materials on the spot to engage in in-depth processing.

Deputy Cao Xinquan said: The report had much to say in detail about the economic development of the coastal regions. This is very necessary. However, the development of the border regions must not be neglected. We sincerely hope that we will be given special policies for assisting poor regions. We also hope that the central authorities will come up with specific measures, and that capital for assisting poor regions will be increased.

Deputy Pu Zhao said bluntly: The report did not say enough about speeding up the work of extricating from poverty old rtevolutionary bases, minority-nationality areas, and border and poor regions. The State Council should attach more importance to the development of these regions. It is necessary to stimulate the enthusiasm of poor regions for working hard to forge ahead through their own efforts and also to provide assistance for them in policy, capital, and technology, so as to liberate the productive forces there. [passage omitted]

Liaoning Deputy on Agriculture

OW281230 Beijing XINHUA in English 1030 GMT 28 Mar 88

[Text] Beijing, March 28 (XINHUA)—Li Jun, a deputy from northeast China's Liaoning Province, called on the central government to formulate stable policies for agriculture so as to encourage farmers to increase grain output.

Li, vice-chairman of the Standing Committee of Liaoning Provincial People's Congress and former director of the provincial Agricultural Commission, said in an interview with XINHUA that unstable policies discouraged farmers in his province to increase grain output.

He said that the central government is now attaching great importance to agricultural development as shown in Acting Premier Li Peng's report, but it is more important for local governments to work out concrete measures to mobilize farmers' enthusiasm for production.

According to Li, Liaoning's agricultural output increased continuously from 1978 to 1984, making the province with a population of over 30 million finally self-sufficient in grain for the first time since 1949. He attributed this to the introduction of the household-based system of contracted responsibility and the state policy to award farmers who sell more grain than their quotas to the state.

"Because there was money to make in farming, peasants were quite willing to invest in their land. In those years, almost all of the three million hectares of farmland in Liaoning Province were well manured," he recalled.

However, Li said, agricultural production in the province suffered a setback because of one erroneous policy, namely, the reduction of price for extra grain sold by peasants to the state.

He said that the income of farmers in his province was reduced by 200 million yuan and grain output decreased by 5.3 million tons in 1985 because of this policy plus price rises for the means of agricultural production and floods in some areas.

Since then, he said, farmers have had misgivings about state policies although the government readjusted its agricultural policies several times to give peasants more preferential treatment.

"A signal for danger," he said, "is that some farmers are beginning to lose interest in investing in their land. In recent years, one third of the farmland in Liaoning Province has been manure-deficient."

"Acting Premier Li Peng was certainly right in stressing the need for stable policies to mobilize the farmers's enthusiasm for agricultural production and to boost their confidence in state policies," Li Jun said. According to him, agricultural production will begin to take a turn for the better in Liaoning this year. The government is working to readjust the agricultural structure and solve problems arising from the production, purchase, sales and pricing of grain.

On the basis of the household-based system of contracted responsibility, Li said, intensive farming will be practised on a reasonable scale to let good farmhands work the land and others go in for rural industries.

Deng, NPC Leaders Before Opening Session

OW260344 Beijing XINHUA Domestic Service in Chinese 1554 GMT 25 Mar 88

[Special feature by XINHUA reporter Li Shangzhi and Central People's Broadcasting Station reporter Liu Zhenying: "Prior to the Report"]

[Text] Beijing, 25 Mar (XINHUA)—The First Session of the Seventh NPC will open in 30 minutes. Laughter and jokes keep coming from a spacious and brightly illuminated room in the Great Hall of the People.

Dressed in a dark gray tunic suit, Deng Xiaoping, a member of the Presidium of the NPC session, stepped into the room, all smiles. As soon as he arrived, he greeted those present. He then walked around the room to shake hands with everyone. When he approached Qu Wu, vice chairman of the Sixth CPPCC National Committee and honorary chairman of the Central Committee of the Revolutionary Committee of the Chinese Kuomintang, he inquired about Qu Wu's health and asked him how old he was.

Qu Wu replied: "I'm 92."

Deng Xiaoping said: "You're eight years older than I am. It has been over 60 years since we studied together at the Sun Yat-sen University in Moscow. You were one of the older students among us in those days. You were my elder brother in school."

When Deng Xiaoping saw Qiao Shi, Hu Qili, and Tian Jiyun, he shook their hands happily and said to them: "How are all of you? You are all young people!"

Peng Zhen and Wan Li, who warmly embraced each other at the first Presidium meeting yesterday, tightly held each other's hands again today. Smiling, Deng Xiaoping shook their hands, and said humorously: "I am very happy to see you two together today. One of you will step up and one will step down in the NPC!" Then they laughed together.

Later, Li Xiannian approached Deng Xiaoping. Deng Xiaoping stood up and shook hands with him warmly. Then Zhao Ziyang, Hu Yaobang, Ulanhu, and Wang Zhen came over to shake hands with Deng Xiaoping, who asked them to pay attention to their health.

On another side of the room, Acting Premier Li Peng was having a cordial talk with Wan Li, executive chairman of the Presidium, who was going to chair the NPC session.

Li Peng said: "When I deliver the Government Work Report on behalf of the State Council, I think I will stand up to do it."

Wan Li said with a grin: "I think that's a good idea. Making a report standing up is a reform."

"But," Wan said with concern, "the report is fairly long, and you'll be tired out after standing up for a long time. We can have a 15-minute intermission."

"I don't mind standing up 2 or 3 hours without an intermission. If there's an intermission, the meeting will last even longer, and some elderly comrades will feel tired," Li Peng said.

"As you wish, then," Wan Li said happily.

Yang Shangkun, who served as vice chairman and secretary general of the Fifth NPC Standing Committee, is a member of the Presidium of the current NPC session. As soon as he entered the room, he greeted the reporters, and said: "You have worked very hard. This meeting depends on your publicity efforts. I wish you success." He added: "The Sixth NPC and its Standing Committee accomplished a great deal of work. The Seventh NPC and its Standing Committee, whose members will soon be elected, must do a good job on the basis of the work accomplished by the Sixth NPC so we can live up to the expections of people of all nationalities in the country."

When the bell rang for the opening of the meeting, the staff members asked those in the room to be seated at the rostrum. Deng Xiaoping asked Li Xiannian and Peng Zhen to lead the way, but Li Xiannian and Peng Zhen asked Comrade Xiaoping to take the lead. Then Deng Xiaoping, Li Xiannian, Peng Zhen, Zhao Ziyang, Wan Li, and Li Peng walked up to the rostrum together.

Seeing Comrade Xiaoping's quick steps, an aide asked him to slow down. Comrade Xiaoping laughed and said: "I am one who likes to walk fast. I think I am slow enough."

Amid warm applause, Acting Premier Li Peng, who put on a dark business suit, walked up to the podium at the center of the rostrum. Speaking with a sonorous voice, he began to deliver the 31,000-character report standing up and did not rest for 2 hours and 33 minutes.

NPC Session Affirms Zhao Ziyang Resignation

OW261018 Beijing XINHUA Domestic Service in Chinese 0849 GMT 26 Mar 88

[Text] Beijing, 26 Mar (XINHUA) — Resolution of the First Session of the Seventh National People's Congress on Affirming the Resignation of Zhao Ziyang from the Premiership of the State Council

Adopted by the First Session of the Seventh National People's Congress on 25 March 1988

The 1st Session of the 7th National People's Congress affirms the resolution passed by the 23d meeting of the 6th NPC Standing Committee held on 24 November 1987 on approving Zhao Ziyang's resignation from the premiership of the State Council.

Yao Yilin Gives Report on 1987 Economy to NPC

OW260216 Beijing XINHUA in English 0136 GMT 26 Mar 88

["1987 Economic Situation Generally Good: Yao Yilin"—XINHUA headline]

[Text] Beijing, March 26 (XINHUA)—China's economic situation in 1987 was generally good, Vice Premier Yao Yilin told the First Session of the Seventh National People's Congress today.

He said the good situation was indicated by the fact that the country's industrial production grew at a fairly high speed and things improved with regard to state revenues and expenditures, the supply of currency and balance of international payments.

In addition, Yao said, large and medium-sized enterprises were invigorated by implementing the contract system and macro-control of the economy improved while micro-flexibility was carried out.

He cited the following facts to illustrate steady growth of social production in 1987:

—The gross national product (GNP) rose to 1,092 billion yuan, an increase of 9.4 percent over the 1986 figure and higher than the projected growth rate of 6.4 percent;

—Total annual industrial output value increased by 16.5 percent over the previous year;

—The output of raw coal stood at 920 million tons; petroleum, 134 million tons; electricity, 496 billion kwh; and steel, 56.02 million tons; and

—Total grain output amounted to 402.41 million tons, up 10.9 million tons from the previous year, and cotton, to 4.19 million tons, up 650,000 tons;

He said that the excessive growth rate of investment in fixed assets was slowed. Investment in fixed assets of the whole country came to 351.8 billion yuan, an increase of 16.5 percent over the preceding year and a less increase rate than in the previous year.

Investment in productive construction projects accounted for 65.9 percent of total investment in capital construction of state-owned enterprises and institutions, as compared to 60.6 percent in 1986, Yao said.

He said investment in basic industries such as energy and raw and semi-finished materials made up 38 percent of the total, as compared to 33.5 percent in the preceding year.

A total of 102 large and medium-sized projects and 193 single items attached to such projects were put into operation, Yao said. The installed capacity of electricity generation increased by 8.1 million kw over last year, representing an all-time high increase.

Yao said China's domestic market in 1987 saw brisk buying and selling. The total value of retail sales amounted to 582 billion yuan, an increase of 9.6 percent over 1986 after allowing for price rises.

In addition, he said, China's economic, trade and technological exchanges with foreign countries continued to expand in 1987. Total import and export value reached 82.7 billion U.S. dollars in 1987, a 12 percent increase over 1986.

Total export value came to 39.5 billion U.S. dollars, up 27.8 percent, and total import value reached 43.2 billion U.S. dollars, up 0.7 percent, according to customs statistics, Yao said.

The import and export deficit was reduced to 3.7 billion U.S. dollars in 1987 from the 1986 figure of 12 billion U.S. dollars, he added.

He said increases were also registered in the state's reserves of convertible foreign currency and in its gold reserves. A total of 7.57 billion U.S. dollars worth of foreign funds were used in 1987, up 4.3 percent from 1986.

1987 also saw further development in the country's science, education, culture, public health and sports as well as increases in incomes of the people in both town and country, Yao said.

A sample survey by the Statistics Department showed that the portion of average per-capita income that urban residents spent on living expenses was 916 yuan in 1987, an increase of 10.6 percent over 1986, or 1.7 percent after adjustment for prices rises.

Average per-capita net income of peasants was 463 yuan, an increase of 9.2 percent, or 5.3 percent after allowing for price rises, Yao said.

By the end of 1987, bank deposits balance of residents in both urban and rural areas had reached 307.5 billion yuan, an increase of 7.5 percent over the preceding year or the largest increase in bank deposits in the past few years.

Yao said the reform of China's economic structure with its focus o invigorating enterprises was deepening and the vitality of the country's economy was increasing, accelerating economic and social development.

Reasons for 1987 Price Rises

OW260230 Beijing XINHUA in English 0141 GMT 26 Mar 88

[Text] Beijing, March 26 (XINHUA)—China's general commodity retail prices rose by an average of 7.3 percent in 1987 over the preceding year, of which 65 percent came from rises in farm and sideline products, Vice Premier Yao Yilin said here today.

Last year, prices of foods rose 10.1 percent, and those of meat, poultry and eggs, 16.5 percent and fresh vegetables, 17.7 percent, he told the annual session of the Seventh National People's Congress today.

"The market price of pigs rose because grain prices were jacked up," he explained, "as the purchase price of pigs was not raised accordingly, their production fell off. Consequently pigs were in short supply and the markets fluctuated."

According to Yao, vegetables prices soared chiefly because of inadequate acreage for sowing, compounded by natural calamities in some areas.

He also attributed price rises to an excessive increase in group purchasing power, poor control over the market and overissue of currency in the past few years.

He stressed the need to improve work in this area, apply the law of value to promote economic growth and stabilize the economy, and try to analyse and solve new problems that crop up in economic activities in accordance with the objective requirements of the law of value.

It is imperative, he stressed, to exercise rigorous control over market prices, stop unjustifiable price rises, whether open or concealed, and arbitrary charges, and to severely punish offenders who drive up prices to disrupt the market.

Yao Yilin Outlines 1988 Economic, Social Targets

OW260238 Beijing XINHUA in English 0147 GMT 26 Mar 88

[Text] Beijing, March 26 (XINHUA)—China will ensure sustained growth of its national economy this year at a relatively quick pace on the basis of improved economic performance, Vice Premier Yao Yilin said here today.

Meanwhile, it will increase and improve social supply by deepening and accelerating reform, he told the annual session of the Seventh National People's Congress today.

In his report to the session on the draft plan for China's economic and social development in 1988, he listed the following targets:

—Gross national product will increase by 7.5 percent over last year;

—Agricultural production will increase by four percent;

—Industrial production will rise by eight percent;

—Total investment in fixed assets of the whole society will be 330 billion yuan;

—The volume of currency to be issued and credits to be granted will be kept at an appropriate level;

—The deficit will be no more than eight billion yuan; and

—The incomes of both urban and rural residents will be slightly higher than last year after adjustment for price rises.

Yao cited the following main tasks for economic and social development in 1988:

—Greatly increase the production and supply of farm and sideline products, as well as textiles and light industrial products to meet the demands of domestic markets and people's daily needs;

—Continue to expand the construction of basic industries and infrastructure in order to make the best use of existing production capacity and better ensure sustained economic growth;

—Expedite scientific and technological progress and intellectual development and promote cultural undertakings, and enroll 640,000 students in regular or special undergraduate programs and 45,000 students in postgraduate programs; and

—Organize people to carry out the economic development strategy for the coastal regions and promote allround expansion in foreign trade and technological exchanges.

Yao also called for persistent effort to carry out the basic state policy of family planning, to control environmental pollution, and protect and improve ecological balance.

To achieve the above targets and tasks, he said, the most important things are to deepen and accelerate reform of the economic structure and to continue in breadth and depth the campaign to increase production, practise economy, raise revenues and reduce expenditures.

Speaks on Industrial Construction

OW260228 Beijing XINHUA in English 0201 GMT 26 Mar 88

[Text] Beijing, March 26 (XINHUA)—In 1988, China will spend 51.3 percent of its total budgetary allocations and loans for special purposes on the energy and transport industries, representing an increase of 3 percentage points over last year, said Chinese Vice Premier Yao Yilin today at the First Session of the Seventh National People's Congress.

He said China will complete and put into operation generators with a total installed capacity exceeding 7.5 million kw and, at the same time, make greater efforts to develop coal, petroleum, and natural gas industries in order to expand production capacity in this area.

This year, Yao said, "We plan to lay an additional 590 kilometers of track, continue the construction of coal terminals in Qinhuangdao and Qingdao, and step up the building of highways, pipelines, and air transport facilities, as well as development of the post and telecommunications industries."

He said that China will concentrate on continued construction of 9 projects in the iron and steel industry, of 15 projects in the nonferrous metal industry, of 11 projects in the chemicals industry, and of major projects in the petrochemical industry. In the raw and semifinished materials industry, Yao said, the variety will be increased and quality of products and technical equipment be improved.

"We also will invigorate the machine-building and electronics industry so that they can provide greater amounts of advanced equipment for technological transformation of the enterprises as well as for export," Yao added.

He said, "We shall also accelerate the development of the textile and other light industries," and "in 1988, we plan to increase the gross output value of the textile and other light industries by more than 8 percent over 1987."

Yao said the scale of capital investment should be kept strictly under control since overall investment to date has been too large and capital construction overextended.

"We shall establish a system of capital construction funds to guarantee a stable source of funds for the construction of key projects," Yao said, adding that specialized national investment corporations will be established.

The system of bidding will also be practised to make rational and effective use of construction funds, Yao said.

Stresses Agricultural Production

OW260241 Beijing XINHUA in English 0155 GMT 26 Mar 88

[Text] Beijing, March 26 (XINHUA)—China plans to produce 410 million tons of grain and 4.5 million tons of cotton this year, Vice Premier Yao Yilin told the current session of the National People's Congress today.

He said: "We shall exert greater efforts to promote agricultural production, guaranteeing the steady growth of major farm and sideline products such as grain, cotton, meat, sugar-yielding crops, and vegetables."

He disclosed that the Government will raise the purchase prices of wheat, rice, corn, and rapeseed, stabilize the amount of grain the state purchases under contract, increase the acreage of cotton, and allot a certain amount of fixed-priced grain to help develop pig-raising.

He called for an overall plan for both the export of farm and sideline products and their sales on domestic markets. And the export of major products, which are in short supply at home, will be kept under control, he noted.

To ensure continued steady growth of agricultural production, he listed the following basic measures:

—To deepen the reform in rural areas and, acting in accordance with the law of value, make appropriate readjustment of the purchase prices of certain farm and sideline products. Local authorities will provide subsidies as appropriate to workers and office staff to compensate for the price rises of the rationed portions of major foodstuffs;

—To raise funds from various sources to increase financial input into agriculture. Moderately large undertakings will be set up where conditions permit;

—To redouble efforts for scientific and technological research in agriculture and for wide use of the research achievements, with special emphasis placed on the propagation and spread of improved strains. Industrial enterprises are expected to give more support to agriculture by increasing the production and supply of chemical fertilizers, pesticides, diesel oil, and plastic sheeting for agricultural use. Support facilities will be increased for the feed industry.

—To continue efforts to rationalize the structure of production in the rural areas, exploit resources of different kinds, and develop village and township enterprises so that they will become an important force in supporting agricultural production.

Finance Minister on 1987 Budget Implementation
OW260300 Beijing XINHUA in English 0216 GMT 26 Mar 88

[Text] Beijing, March 26 (XINHUA)—Both China's revenues and expenditures for 1987 met budgeted plans, Minister Wang Bingqian said here today.

According to Wang, who is also a state councillor, total state revenues in 1987 amounted to 234.663 billion yuan and total state expenditures were 242.692 billion yuan, leaving a deficit of 8.029 billion yuan.

"This guaranteed the financing of scheduled production and construction as well as the development of cultural, educational and scientific undertakings, and facilitated the smooth implementation of measures adopted for economic reform," he added.

Wang made these remarks in his report to the First Plenary Session of China's Seventh National People's Congress on the implementation of the State Budget for 1987 and the draft State Budget for 1988.

He explained that these estimated figures will change slightly when the final account is worked out. However, the deficit will not exceed the estimated amount.

He said that the total state revenues for 1987 include 10.3 billion yuan in foreign loans, or 70.5 percent of the budgeted figure. Because preparation work for some construction projects was not completed and a corresponding amount of foreign loans was put off, the total of foreign loans was less than the budgeted figure.

He said that the domestic state revenues for 1987 increased by 2.7 percent over the preceding year. After ruling out such factors as reduction of taxes to allow enterprises to keep more profits at their own disposal, state revenues in 1987 rose by six percent over the preceding year.

Domestic expenditures in 1987 increased by only three percent over the preceding year, exceeding the budgeted amount by only 0.5 percent. This has been rarely done in recent years. In 1985 and 1986, state expenditures increased by 20.1 and 12.4 percent respectively over the previous years, Wang said.

In 1987, Wang said, budgetary expenditures for aid to rural production and other operating expenses for agriculture totalled 13.42 billion yuan, an increase of eight percent over the preceding year.

In addition, he said, financial departments provided a total of 1.6 billion yuan of extra-budgetary working funds for agriculture.

Loans for agricultural production provided by banks and credit co-operatives in rural areas increased by 30.2 percent over the previous year.

These measures played an important role in guaranteeing the steady development of agricultural production, particularly grain production, and in increasing the capacity for agricultural development in the future.

In 1987, the amount of evaded taxes that were discovered and paid came to more than 1.78 billion yuan, he told the session.

He said that a general review of taxation, finance and prices recovered some funds. By the end of last year, the newly discovered funds that were supposed to be turned over to the financial departments amounted to more than seven Minister on 1987 Budget Implementation

Finance Minister Presents 1988 Draft State Budget
OW260308 Beijing XINHUA in English 0228 GMT 26 Mar 88

[Text] Beijing, March 26 (XINHUA)—The draft state budget for 1988 projects China's total state revenues at 255.45 billion yuan, including 12.8 billion yuan in foreign loans, Wang Bingqian, finance minister, announced here today.

In his report on the 1988 State Draft Budget to the current session of the National People's Congress, Wang, who is also a state councillor, said China's total expenditures will be 263.45 billion yuan, leaving a deficit of eight billion yuan.

Of this year's expenditures, he said, aid to rural production and other operating expenses will be 15.379 billion yuan, nearly two billion yuan more, or an increase of 14.6 percent, from the 1987 actual expenses.

Operating funds for culture, education, science and public health will come to 44.676 billion yuan, 4.119 billion yuan more than last year's actual expenses; and

expenditures for subsidies (including those to compensate for price rises in pig breeding and cultivation of sugar-bearing crops) to compensate for price rises, 35.827 billion yuan, up 6.422 billion yuan from the 1987 actual expenditures.

The 1988 expenditures for national defense will be 21.526 billion yuan, roughly 8.17 percent of the total budgetary expenditures.

The 1987 expenditures for national defense were 20.977 billion yuan, about 8.64 percent of the country's total actual expenditures.

Budgetary expenditures for capital construction will be 63.26 billion yuan, 2.63 billion yuan more than in 1987, Wang told the session.

According to him, the 1988 State Budget was formulated in accordance with the basic principle for this year's economic work— to further stabilize the economy and deepen the reform and to put reform at the center of all China's undertakings so as to maintain a sustained and steady growth in the entire economy.

Said Wang: "In order to ensure the availability of indispensable funds for our construction projects and reform and to keep the deficit within the country's ability to bear, the State Council has drawn up a number of policy measures concerning state revenues and expenditures."

A principal measure is to introduce new taxes and expand the issuance of bonds, he said. From this year onward, taxes will be levied on the use of land in urban areas from units and individuals who use it.

In the meantime, to tighten the control of various kinds of economic vouchers, it has been decided to levy a stamp tax on some of them.

China will issue treasury bonds totalling nine billion yuan this year, three billion yuan more than in 1987. Specialized banks and financial institutions will purchase special financial bonds worth four billion yuan with their increased savings deposits this year to be used for production and construction.

Another measure is to increase input to agriculture to spur its development. Apart from budgetary increased input to agriculture, bank loans to agriculture will total 23.7 billion yuan, an increase of 10.3 percent.

Moreover, the central and local financial departments will provide 2.6 billion yuan in aid to farmers in poor regions to help boost agricultural development.

From this year on, China will reform the structure of capital construction investment by establishing a central capital construction fund to be managed by the Chinese People's Construction Bank according to plan, Wang told the session.

The aim is to ensure that there is a steady source of stable funding for construction of key projects in energy, transport, communications and raw and semi-finished materials industries and of infrastructure, so as to make optimal use of capital funds.

It has been decided to increase the income of and subsidies for workers and office staffers to solve their difficulties in life resulting from price rises. Implementation of these measures will require about seven billion yuan from the state revenues.

Wang Bingqian stressed the need to further increase production, practise economy, raise revenues and reduce expenditures and strive to improve economic efficiency of enterprises so as to ensure a steady increase in state revenues.

It is imperative to continue cutting back institutional purchases, strengthen control of finances, enforce vigorous financial discipline and close all loopholes to ensure the smooth progress in China's reforms and construction, he said.

Comments on 1988 Budget

HK270358 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 27 Mar 88 p 1

["From Seth Faison in Beijing"]

[Text] China's Finance Minister, Mr Wang Bingqian, yesterday released a budget which aims at spending less on defence and more on agriculture.

Despite plans to impose new taxes, issue more treasury bonds and continue a policy of austerity, the Government faces a budget deficit for the third year running.

Mr Wang, in an address to the National People's Congress, said the deficit in 1988 would be 8 billion yuan (about HK$16.1 billion), the same as in 1987 and up slightly from 1986.

He said substantial revenues were needed as China transformed its socialist economy to a more market-oriented model and strove for rapid economic growth. "It therefore will be hard to eliminate the deficit within the next two or three years," he said.

Structural changes in finance, foreign trade, and other areas will proceed side-by-side with high food subsidies and lacklustre price reform in the new budget.

A new land tax is among the highlights of the 1988 plan but a badly-needed overhaul of the tax system was put off.

China is planning expenditures of 263.4 billion yuan compared with revenues of 255.4 billion in 1988.

"It will be hard to eliminate the deficit within the next two to three years," Mr Wang conceded.

Defence spending will be increased by a negligible 550 million yuan to 21.52 billion.

With Chinese workers facing high inflation in food prices, subsidies to compensate for rising prices willl rise by 6.4 billion yuan to 35.8 billion.

Mr Wang said the state would substantially boost spending in agriculture, up 14.6 percent in 1988 to 15.4 billion yuan.

Officials have stressed the need for more investment in rural areas following several years of listless grain production and a trend among individual farmers to use profits to build houses and buy television sets rather than further develop their land.

Strict control over capital construction—at 63.2 billion yuan the largest category of spending—balanced out an emphasis on greater spending in agricultural industry.

Foreign loans will jump by 28 percent over 1987, and several specialised investment corporations will be created to improve domestic investment in transport, energy and other fields.

A new capital construction fund under the People's Bank of China will separate such funds from other expenditures, a move suggested in the past by the World Bank.

In line with Acting Premier Li Peng's opening address to the Congress on Friday, the budget stresses a firm commitment to economic reform tempered by concern over rising prices and uncontrolled government spending.

But the economy may be troubled by inadequate tax revenue which the budget projects will increase by nearly 20 billion yuan.

"I just don't see where it's going to come from," said one Western economist.

The expected revenue increase from treasury bonds to 9 billion yuan over 6 billion in 1987 may be difficult to deliver, since with low interest rates past bond issues have been unpopular.

In recognition of the problem, a secondary market was promised where bonds can be resold after their second year.

Another projected source of revenue will be the new tax on land which will have the side benefit of tightening state control of urban areas, many of them kept vastly under-priced with large state subsidies.

The goal of stable prices will induce a major effort to keep inflation of food prices—unofficially reported at double the stated rate of 10 percent—under control.

"It is imperative to exercise rigorous control over food prices," said Vice Premier Yao Yilin in his report on the annual Plan for National Economic and Social Development.

The widespread problem of tax evasion and illegal profit withholding will receive renewed attention.

"A loss of an enormous amount of state revenue and a great waste of state funds," was how Mr Wang described the estimated 1.78 billion yuan loss from tax evasion last year.

The actual figure may be significantly higher, according to foreign economists, who question the preciseness of many economic figures released by China.

Mr Yao, who called the coastal development policy "crucial" for the reforms planned at last year's 13th Communist Party Congress, also warned of the need for "proper handling of the relations between these regions and the interior."

Mr Yao stressed the need for earning foreign exchange through exports as the key to implementing the strategy.

NPC Session Holds Second Meeting 26 Mar

OW261409 Beijing XINHUA Domestic Service in Chinese 0701 GMT 26 Mar 88

[Text] Beijing, 26 Mar (XINHUA)—The First Session of the Seventh National People's Congress held the second meeting at the Great Hall of the People this morning to hear a report given by Yao Yilin, vice premier of the State Council and minister in charge of the State Planning Commission, on the draft 1988 National Economic and Social Development Plan, and a report given by Wang Bingqian, state councillor and minister of finance, on the implementation of the State Budget for 1987 and the Draft State Budget for 1988.

At 0900, Xi Zhongxun, executive chairman of the NPC session announced the opening of the meeting.

Entrusted by the State Council, Yao Yilin made a report at the meeting on the implementation of the 1987 National Economic and Social Development Plan and on the arrangements made for the 1988 plan.

In his report on the implementation of the 1987 plan, Yao Yilin said: During 1987, China had scored new achievements in both construction and reform. The National Economic and Social Development Plan was implemented quite well, and some new experiences were accumulated in doing our economic work. He pointed out: In 1987, social production grew steadily. The excessive growth rate of investment in fixed assets was slowed. The domestic market saw brisk buying and selling.

Economic, trade and technological exchanges with foreign countries continued to expand, while further developments were made in science, education, culture, public health and sports. The income of both rural and urban people was further increased. The reform of the economic structure with emphasis on rejuvenating the enterprises was continuously deepened, and economic vitality further enhanced.

Yao Yilin said: The overall economic situation in the whole country was fine in 1987. However, we must also realize that there still exist unstable factors and problems in the economy that demand solution. The outstanding one is the excessive rise in commodity prices, which prevents the people from improving their living standards. The living standards of some urban families have actually been lowered. We must strive to improve our work, make use of the law of value to promote economic development and stabilize our economy, and analyze and deal with new problems in economic life in accordance with the objective requirements of the law of value.

With regard to the major targets and tasks for the 1988 plan, Yao Yilin said: The fundamental principle in doing this year's economic work is to further emancipate the people's minds, stabilize our economy and let reform play a dominant role in overall work.

Yao Yilin said: On the basis of the aforementioned principle, our general requirements and plan for national economic and social developments in 1988 is to strive to increase and improve supplies by deepening and accelerating reform. At the same time, we must continue to restrain the excessive growth of investment and consumer demand so as to achieve a balance between total demand and total supply. We must ensure sustained growth of the national economy at a relatively quick pace on the basis of improved economic results.

After that, Yao Yilin reported on the following four major tasks for this year's national economic and social development:

—Greatly increase production and supply of farm and sideline products as well as textiles and light industrial products to meet the demands of domestic markets and people's daily needs;

—Continue to expand the construction of basic industries and infrastructure in order to make the best use of existing production capacity and better ensure sustained economic growth;

—Expedite scientific and technological progress and intellectual development, and promote cultural undertakings;

—Actively organize people to carry out the economic development strategy for the coastal regions and promote all-round expansion in foreign trade and technological exchanges.

In Part 3 of his report, Yao Yilin talked about deepening and accelerating reform, continuously developing the campaign to increase production, economizing, raising revenues and reducing expenditures, and issues for the smooth implementation of the 1988 plan. He said: To achieve the targets and missions in the plan in an overall manner, the most important tasks are:

1. We must deepen and accelerate the reform of the economic structure and further arouse the enthusiasm of all departments concerned;

2. We must continue to develop in breadth and depth the campaign to increase production, economize, raise revenues and reduce expenditures; and vigorously tap the potentials in all fields. We must ensure that the two aforementioned tasks closely integrate with and complement each other.

He stressed the need to reduce all possible expenditures. Particular efforts must be made to cut back group purchasing power. He said: This year, we must adopt strict measures and be determined to solve this problem while raising our ideological awareness. We must vigorously combat the trend of wilfully issuing bonuses or allowances in kind with cash in various government offices, organizations, enterprises and undertakings. We must strictly forbid extravagant eating and drinking with government funds and presenting gifts at will. We must reduce the number of meetings or shorten the duration of meetings, strictly adhere to standards set by the state for room and board for those attending meetings; and resolutely oppose any tendency of extravagance and waste.

In his report, Yao Yilin maintained that we surely can successfully fulfill the 1988 plan as long as we unite our thinking, work with one heart and one mind, and resolutely implement the principles, policies, and measures adopted by the party Central Committee and the State Council.

Then, Wang Bingqian, entrusted by the State Council, delivered to the meeting a report on the implementation of the State Budget for 1987 and the Draft State Budget for 1988.

On the implementation of the State Budget for 1987, he said: With the development of national economy, the State Budget for 1987 was well implemented and fulfilled in terms of both revenue and expenditure. This guaranteed the financing of scheduled production and construction as well as the development of cultural, education and scientific undertakings, and facilitated the smooth implementation of measures adopted for economic reform.

Wang Bingqian said: According to current statistics, total state revenues in 1987 amounted to 234.663 billion yuan and total state expenditures were 242.692 billion yuan, leaving a deficit of 8.029 billion yuan.

On the Draft State Budget for 1988, Wang Bingqian said: The basic principle for the economic work in 1988 laid down by the State Council in the light of the progress in our current economic construction and reform of the economic structure is to further stabilize the economy, strengthen reforms, let reform play a dominant role in all work, and strive to maintain a steady economic development.

He said: The Draft State Budget for 1988, being submitted for your deliberation, projects China's total state revenues at 255.45 billion yuan and total state expenditures at 263.45 billion yuan, leaving a deficit of 8 billion yuan.

Wang Bingqian said: In order to ensure the availability of indispensable funds for our construction projects and reform and to keep the deficit within the country's ability to bear, the State Council has drawn up a number of policy measures concerning state revenues and expenditures. The principal measures are to open up new financial sources and issue more treasury bonds to increase the state treasury; to increase input to agriculture to spur its development; to establish a capital construction fund to ensure the construction of key state projects; to properly increase investment in development of intellectual resources and ensure the availability of indispensable funds for the development of cultural, educational, scientific, and public health undertakings; to properly increase the income of workers and staff members and improve their living standards; and to implement a policy of reducing and strictly controlling expenditures.

In his report, Wang Bingqian pointed out: In order to ensure a successful implementation of the State Budget for 1988, we must first enhance our understanding and unify our thinking; and then, further carry out the campaign to increase production and practice economy and to raise revenues and reduce expenditures, and integrate the campaign with the strengthening of reforms to achieve greater results.

He discussed the measures drawn up by the State Council for this purpose, emphasizing the necessity to cut back expenditures and institutional purchases, strengthen control of finance, strictly enforce financial discipline, close all loopholes, persist in abiding by law, strictly enforcing law and punishing law violators, and resolutely struggle against the violators of law and discipline.

Wang Bingqian said: With the steady economic development, the State Budget was well implemented in January and February, with increased revenues compared with last year's corresponding period, and expenditures brought under control. We will pay attention to all related work, strive to maintain this good trend, and work hard to implement the State Budget for 1988 effectively.

Other executive chairmen at today's meeting were Wei Guoqing, Ngapoi Ngawang Jigme, Yan Jici, Chen Muhua, Ding Guangxun, Mao Wenshu, Ye Lin, Lu Peijian, Ren Jiyu, Jangzhong Zhaxi Doje, Wu Zhizhong, Yang Wengui, Wu Yigong, Chi Haotian, Zhang Chengxian, Chen Zongji, Lin Liyun, Zhao Pengfei, Huanjue Cailang, Pu Jiexiu, Chang Xiangyu, Dong Yinchu and Liao Hui.

Song Ping Describes Restructuring State Council

OW280228 Beijing XINHUA in English 0137 GMT 28 Mar 88

[Text] Beijing, March 28 (XINHUA) — China's State Council will set up 10 new ministries and commissions while abolishing 14 old ones, State Councillor Song Ping announced here today.

He outlined the functions of the new departments while explaining a proposal for the reform of the structure of the State Council to the current session of the National People's Congress.

The 10 ministries and commissions to be set up are the State Planning Commission, Ministry of Personnel, Ministry of Labor, Ministry of Materials, Ministry of Transportation, Ministry of Energy, Ministry of Construction, Ministry of Aeronautics and Astronautics Industry, Ministry of Water Resources and Ministry of Machine-Building and Electronics Industry.

1. The New State Planning Commission.

The commission will be set up following the abolishment of the present State Planning Commission and State Economic Commission. It will be in charge of China's national economic and social development, and will be a top-level macro-economic management department.

Its major functions include formulating China's economic and social development strategies, drawing up long- and medium-term plans, as well as annual plans for economic and social development, studying major policies concerning resources disposition and distribution, and technical and economic policies, readjusting major relations between various sectors of the national economy, stepping up macao-economic regulation and control, using economic regulatory means to balance total social demand and supply, and coordinating economic operations and production.

It will no longer engage in micro and trades management as did the two existing commissions.

2. The Ministry of Personnel.

The ministry will be set up to meet the needs of separating the functions of party organizations from those of the government and the reform of the personnel system, to promote the introduction of the state public servant system and to intensify the government's functions in personnel management.

Its major functions include introducing and promoting the state public servant system, tightening legal management of the state personnel administration and government offices as well as of their size, coordinating the classified management of professional personnel and technicians in various industries, and managing government employees as well as scientists and technicians previously managed by the State Science and Technology Commission.

3. The Ministry of Labor.

It will perform such functions as studying and formulating national policies and regulations regarding labor, employment, wages, insurance, welfare, workers' technical training, labor protection and safety supervision.

It will also draw up national labor and wage plans, study and formulate policies on managing labor and wage plans in enterprises and institutions and their reform plans.

4. The Ministry of Materials.

The ministry will be established on the basis of the former State Materials Administration to suit the needs of the present and future reform of the materials setup, tighten comprehensive materials management, expand and perfect capital goods markets, draw up overall plans for urban and rural materials circulation network, and invigorate materials circulation.

It will perform such functions as formulating policies, principles and regulations concerning materials management, as well as structural reform plans, and will be responsible for their implementation through supervision.

It will also forecast the balance between the supply and demand of important materials, and draw up plans for the distribution of materials produced under mandatory state quotas.

It will organize the ordering of materials to be distributed under mandatory state quotas, supervise and inspect the implementation of contracts, and arrange for the dispatch of important materials.

Its other functions include planning a national materials market network, guiding, coordinating and supervising various materials markets, formulating procedures governing the management of materials markets, promoting cooperation in materials supply, and taking charge of materials statistics and gathering information on market prices, supply and demand to serve enterprises in their production and operations.

5. The Ministry of Transportation.

The ministry will be set up to improve macro-control over the communications and transportation sector, exercise overall management of the sector's development plans, coordinate the relations among all organizations in the trade and promote association among transportation enterprises and combine forms of transportation of goods so as to set up a nationwide comprehensive transportation network to eliminate the present separation according to forms of transportation.

The present Ministry of Railways, Ministry of Communications, and the State Air Transport Control Administration will be abolished. The present Administration of Civil Aviation will be changed into an aviation bureau under the new Ministry of Transportation. A China railway transportation corporation is to be set up under the new ministry.

The ministry's main functions are to work out development strategy and principles for the transportation industry, formulate and supervise the implementation of economic policies and regulations governing the sector, map out plans for and coordinate relations between various branches of the sector, draw up annual plans for comprehensive transportation, production and construction, supervise and examine the implementation of state plans, work out policies concerning technology, and study and guide the reform and development of enterprises in the sector.

6. The Ministry of Energy.

The ministry will be set up to manage and develop energy resources, exercise management of the entire energy industry, readjust the energy structure, and quicken energy development. The Ministries of Coal Industry, Petroleum Industry and Nuclear Industry will be abolished and the section of electric power under the Ministry of Water Resources and electric power will be transferred to the Ministry of Energy.

The new Ministry of Energy will be the State Council's administrative body to comprehensively regulate all energy industries in the country, responsible for mapping out principles, policies and strategic deployment for the energy sector, work for overall balance and macro-decision making, promote rational utilization and development of energy, formulate relevant laws, regulations and policies, supervise and coordinate production and construction, improve economic results, formulate technology policies and promote energy conservation and overall utilization of energy by the whole society.

7. The Ministry of Construction.

The ministry will be set up to exercise unified management of the country's building industry, while the Ministry of Urban and Rural Construction and Environmental Protection will be abolished.

The new ministry will perform such functions as managing the whole building industry, coordinating and planning urban and rural housing development and urban construction, and managing designing, construction and standard quotas in construction engineering.

8. The Ministry of Machine-Building and Electronics Industry.

To strengthen overall planning and macro-control of machine-building and electronics industries, the State Commission of Machine-Building Industry and the Ministry of Electronics Industry will be abolished and a Ministry of Machine-Building and Electronics Industry set up. The new ministry's main functions include working out a rational industrial setup, stepping up the development of electronics information services, promoting the integration of the machine-building and electronics industries, raising their scientific and technological level and providing technical equipment for national economic modernization.

9. The Ministry of Aeronautics and Astronautics Industry.

The Ministry of Aeronautics Industry and the Ministry of Astronautics Industry will be abolished and a new ministry of aeronautics and astronautics industry set up, with the aim of better suiting the special feature of hi-tech trades, better planning the technical force, promoting combination of civilian and military industries and strengthening management of aeronautics and astronautics. The new ministry's main functions are to study and draw up development strategy, and production and technology policies, organize and direct the implementation of important engineering systems and organize technical and economic assessment of new products.

10. The Ministry of Water Resources.

In view of the importance of water resources in the national economy, a new Ministry of Water Resources will be established while the Ministry of Water Resources and Electric Power will be abolished. The new ministry's main functions are to take charge of harnessing big rivers, protect and exploit water resources, plan urban utilization of water resources and capital farm construction and guide the construction and operation of hydroelectric power stations with water conservancy and flood control as the main objective.

Besides, the XINHUA NEWS AGENCY, as a state news agency, will no longer be listed as an administrative organ of the State Council and will become a state institution directly under the State Council, as its function is providing news service.

The Ministry of Agriculture, Animal Husbandry and Fisheries will be renamed the Ministry of Agriculture, in view of the fact that the ministry's functions will be extended and that such ministries in other countries are thus called.

In the course of the structural reform, the bureaus, working bodies and non-permanent departments directly under the State Council will be greatly simplified and readjusted, and a detailed plan in this regard will be carried out after examination and approval by the new State Council to be organized soon.

Outstanding Features of Changes

OW280150 Beijing XINHUA in English 0130 GMT 28 Mar 88

["Song Ping on Features of Current Reform of Government Setup"—XINHUA headline]

[Text] Beijing, March 28 (XINHUA)—Chinese State Councillor Song Ping told deputies to the National People's Congress today that the State Council's proposal for reforming government setup lays emphasis on changing government functions.

The reform will be carried out together with the strengthening of rules and regulations with regard to the government setup and with the introduction of the public servant system, Song explained.

These are the outstanding features of the current reform as compared with the streamlining of government setup in 1982, he said.

"We will not simply abolish some offices, merge others and cut back staff, but introduce changes to their functions," Song said.

According to the principle of separating the government and enterprises, government departments will no longer perform the functions of managing enterprises directly. Their functions of directly controlling money and goods will be delegated to lower levels, while those functions concerning decision-making, consultancy, regulation, supervision and information will be strengthened, so that the government's direct management of enterprises will be gradually changed into indirect management. Meanwhile, part of the administrative setup's functions will be delegated to various associations.

Song continued that appropriate government institutions will be set up in the light of their new functions.

Offices in charge of the same or similar work will be abolished so that the work will be undertaken by one office, Song said. No corresponding specialized offices will be set up under those departments in charge of comprehensive economic affairs, so that those departments will undertake the management of various trades.

Within the ministries and commissions, Song said, there will only be the two levels of bureaus and sections in order to reduce levels.

He added that no major changes will be made to those departments in charge of legal affairs, culture, education and social affairs. However, they must also change their functions, delegate power to lower levels, reorganize their structures and cut back staff, he stressed.

Song Explains Restructuring

OW280239 Beijing XINHUA in English 0221 GMT 28 Mar 88

[Text] Beijing, March 28 (XINHUA)—This year's reform of the structure of the State Council, China's highest governing body, is a transitional and also comprehensive one, according to State Councillor Song Ping.

He made this statement while explaining a proposal for this reform to the current session of the Seventh National People's Congress here this morning.

He described the proposal as "realistic and feasible". The implementation of the proposal will greatly invigorate the State Council, improve its efficiency and reduce the overlapping of functions and offices, he told the session.

It will also lay the groundwork for further restructuring of the State Council.

The establishment of a complete system of modern administration and management requires many conditions, Song said.

There will be a process for the shift from direct management of enterprises to indirect management. Meanwhile, the reform of economic and political structures are going on in depth.

Said Song: "In the course of the new structure replacing the old, the functions of government offices and work methods cannot be changed all at once and a new work order cannot be established at once either."

These reform measures can be carried out step by step with the deepening of economic and political reforms, he added.

According to the proposal for restructuring the State Council, the Ministries of Railways, Petroleum Industry, Coal Industry and Nuclear Industry will be abolished, while corresponding corporations will be set up.

These corporations are set up in line with the progress in structural reform, and functions of the government are separated from enterprise operations.

As these corporations will not perform the government's functions, they will be, in essence, economic entities operating independently and assuming full responsibility for their own profits and losses.

"This will help invigorate enterprises and streamline administrative offices," he noted.

Song Ping said that the State Council has drawn experience from previous government restructuring efforts and will avoid swelling of government departments.

At the very beginning, said Song, the State Council asked preparatory groups for all departments, especially for those to be set up, to work out specific restructuring programs that stipulate their functions, organization and size instead of merely merging some departments and cutting size.

The new Ministry of Personnel will strengthen regulation over all departments under the State Council and over governments at all levels, said Song.

It will control the size and restructuring of government departments with law and budget, thus avoiding swelling.

The present restructuring will cut down 10,000 people, about one-fifth of the State Council staff, the state councillor said.

Some of these people will be transferred to units of taxation, finance, price, auditing, supervision, statistics and administration of industry and commerce, and some will go to work in law enforcement departments, Song said.

Many of them will join companies, associations, social groups and institutions engaged in information, consultancy and research; some with professional knowledge and managerial expertise will work in enterprises, said Song.

Some young cadres will receive training in professional knowledge, while those reaching the retirement age will retire, he added.

Transferring cadres to companies and associations will cut the size and budget of the government, Song said. It will not only help raise efficiency and eliminate bureaucracy, but also promote the introduction of the public servants system, he added.

More on Restructuring

OW280149 Beijing XINHUA in English 0131 GMT 28 Mar 88

[Text] Beijing, March 28 (XINHUA)—The ongoing First Session of the Seventh National People's Congress (NPC) heard an explanation on the proposal for restructuring the State Council by State Councillor Song Ping at the Third Plenary Meeting here this morning.

The meeting was presided over by Ulanhu and Peng Chong, both executive chairmen of the Presidium of the current NPC session.

According to the proposal, Song Ping sid, 14 ministries and commissions will be abolished, 10 new ones will be set up while 30 ministries and commissions will be retained and another one become an institution directly under the State Council.

The State Council will thus be composed of 40 ministries and commissions instead of the present 45, the state councillor said, adding that institutions, working organs and non-permanent set-ups will also be readjusted and simplified.

The State Council now has 22 bureaus and five working offices directly under it in addition to the 45 ministries and commissions, employing more than 50,000 functionaries. There are also 14 bureaus directly managed by ministries and commission and 75 non-permanent set-ups.

The above institutions have played an active role in implementing the principles and policies of the party and the state and in fulfilling the tasks of the State Council to advance the nation's economic and social development.

However, Song Ping noted, with the all-round development of the economic reform, the defects of the current government set-up become conspicuous, chiefly expressed in non-separation of the government and enterprise functions, irrational structure, too rigid micro- management, insufficient macro-control, overlapping institutions, overstaffing, lack of distinction of functions and duties and low working efficiency. The new situation has called for an overall restructuring of the government institutions and their functions and duties.

"Without restructuring the government organs, the economic reform cannot be carried out in a deep-going way, nor can the achievements of the economic reform be consolidated, nor can many measures for reforming the political structure be implemented. Therefore, it is imperative to reform the administrative structure from the central level down," Song pointed out.

Restructuring the government is an important component of the country's efforts to reform its political structure, Song said. The proposal for restructuring the State Council is formulated after investigations, repeated discussions and listening to opinions from various quarters over the past year and more under the leadership of the Chinese Communist Party Central Committee.

A special group under the Central Office for the Study of Political Restructuring formed in September 1986 laid down the basic guideline and initial blueprint which was approved in principle at the Seventh Plenary Session of the 12th CPC Central Committee last October.

Immediately after the 13th party congress last November, the State Council set out to formulate the proposal during which the State Council solicitated opinions of more than 70 veteran and new officials from some 30 ministries and commissions to revise the draft.

On December 30, the State Council held a plenary meeting to discuss the proposal. Further opinions were canvassed before the proposal was finally drawn up as it was submitted to the NPC session today.

Touching on the specific measures for implementing the proposal, Song Ping said that the work to establish 10 new ministries and commissions should be completed three months after the proposal is approved by the current NPC session.

The 14 ministries and commissions to be abolished should hand over their work to the new ministries or commissions as soon as possible.

Plans for reforming the other ministries and commissions under the State Council should be worked out before the end of June so that the organizations will be simplified and their staff cut down in the third quarter of the year.

The State Council will examine the whole work in the last quarter of the year to ensure the full implementation of the plan, Song Ping said.

Government restructuring that has been carried out with much success in 16 medium-sized cities on a trial basis shall continue, the state councillor added.

WEN WEI PO on Reorganization

HK280750 Hong Kong WEN WEI PO in Chinese 28 Mar 88 p 2

[Report by WEN WEI PO reporters group: "State Council To Reorganize Its Ministries, Commissions in 1988"]

[Text] Beijing, 27 March—State Councilor Song Ping is going to explain the readjustment of the organizational structure of the State Council at the Third Meeting of the First Session of the Seventh NPC scheduled to be held tomorrow.

It is planned that 45 ministries and commissions of the State Council will be readjusted to 40 and that their staff of over 50,000 will be reduced to about 40,000.

With regard to the restructuring of the ministries and commissions under the State Council, it is learned that 10 new ministries and commissions will be set up, 14 will be dissolved, and 1 will be changed into a public institution as follows:

1. A new state planning commission will be set up on the basis of the existing State Planning Commission and the State Economic Commission.

2. A personnel ministry will be set up, a reform measure to promote the establishment of a system of public service.

3. A labor ministry will be set up; the existing Ministry of Labor and Personnel will be dissolved.

4. A ministry of supplies, which will be specially responsible for formulating policies for materials management, will be set up.

5. A ministry of transportation will be established on the basis of the existing Ministry of Railways and Ministry of Communications; the National Air Traffic Control Administration of China will be dissolved; and the Civil Aviation Administration of China will be changed into a state civil aviation administration under the future ministry of transportation.

6. A ministry of energy will be established; the Ministry of Coal Industry and Ministry of Nuclear Industry will be dissolved; and the Electric Power Production Department of the existing Ministry of Water Resources and Electric Power will be incorporated into the future ministry of energy. After the Ministry of Nuclear Industry is disbanded, a China nuclear industry corporation will be set up under the future ministry of energy.

7. A ministry of construction will be set up to be responsible for both the building industry and the urban and rural construction; the existing Ministry of Urban and Rural Construction and Environmental Protection will be disbanded.

8. A ministry of aviation industry and astronautics industry will be established on the basis of the Ministry of Aviation Industry and Ministry of Astronautics Industry.

9. A ministry of water resources will be set up on the basis of the existing Ministry of Water Resources and Electric Power and the Electric Power Production Department under the existing Ministry of Water Resources and Electric Power put under the future ministry of energy. The future ministry of water resources will be particularly responsible for the harnessing of major rivers and the protection, development, and utilization of water resources.

10. A ministry of machine-building industry and electronics industry will be established on the basis of the State Machine-Building Industry Commission and Ministry of Electronics Industry.

11. XINHUA NEWS AGENCY will be changed into a public institution affiliated to the State Council and it will not be included in the administrative organs of the State Council.

Meanwhile, the functions of the Ministry of Agriculture, Animal Husbandry, and Fisheries will be readjusted after it is renamed a ministry of agriculture.

Arrangements for the staff to be reduced, except for those for a large number of cadres who will retire, will be made in the following five ways: 1) Some may be assigned to the departments of tax, finance, price, auditing, supervision, and statistics, as well as administrations for industry and commerce; 2) some are to be transferred to public security organs, procuratorial organs, and people's courts; 3) a large number may be transferred to companies, associations, and information, consultant, and scientific research institutions; 4) a certain number of cadres with professional knowledge of management will be selected to leading posts of enterprises and business conglomerates; and 5) a certain number of young cadres will be selected for vocational training.

The plan outlines that the 10 ministries and commissions will be set up within 3 months and put into operation by 1 July. Reform measures of other ministries and commissions will be put forward by the end of June, and the tasks of streamlining the administrative structure and reducing the staff will be completed in the 3d quarter of this year. All restructured organs will be checked and accepted by the State Council by the 4th quarter of the year.

NPC Adopts Rules on Resolutions, Special Committees

OW261156 Beijing XINHUA Domestic Service in Chinese 0851 GMT 26 Mar 88

[Text] Beijing, 26 Mar (XINHUA) — Rules for Passing Resolutions and Electing Members of Various Special Committees of the First Session of the Seventh NPC

Adopted at the the First Session of the Seventh NPC on 25 March 1988

In accordance with the provisions of the Constitution and the Organic Law of the National People's Congress of the People's Republic of China, the First Session of the Seventh NPC adopted rules for passing resolutions and for electing members of the various special committees of the First Session of the Seventh NPC. Voting by a show of hands shall be used, and candidates for members of the special committees will be elected by a majority vote of more than half of all the deputies to the congress. Draft amendments to the Constitution shall be voted on by secret ballot and adopted by a majority vote of more than two-thirds of all the deputies to the congress.

NPC Special Committees Elected Over Opposition

OW280654 Beijing XINHUA in English 0635 GMT 28 Mar 88

["Different Views Aired During Election of NPC Committee Members"—XINHUA headline]

[Text] Beijing, March 28 (XINHUA)—Huang Shunxing, an agricultural scientist of Taiwan origin, today proposed adding younger members to special committees of the Seventh National people's Congress (NPC) in line with the policy of rejuvenating cadres.

He made the proposal before the deputies to the current NPC session voted to elect the members of the NPC Committee for Education, Science, Culture and Public Health.

He said he was against putting Zhou Gucheng, 89, as a candidate for the chairmanship of that committee, for the reason that "he is too old and should be given more time for rest".

He observed that China has indeed made great progress in rejuvenating its cadres in the past few years, and public opinion at home and abroad has praised China for promoting large numbers of younger officials.

"We should provide more opportunities for the younger generation to display their talents," he told the plenary meeting.

His proposal was applauded by many NPC deputies.

Peng Chong, executive chairman of the NPC Session's Presidium who presided over today's plenary meeting, ruled that Huang's proposal will be conveyed to the new NPC Standing Committee for consideration.

Huang, 65, served as a member of the "Legislative Yuan" in Taiwan for eight years. He returned to the mainland from the United States via Japan in October 1985. He was elected today a member of the NPC Committee for Education, Science, Culture and Public Health.

For the first time in the NPC's history, not a single one of the NPC's seven committees was elected unamimously.

Qian Li from coastal Zhejiang Province said at the meeting that the NPC Committee for Education, Science, Culture and Public Health should have more members, particularly doctors of Western medicine.

Gu Xuanhui from Heilongjiang Province and Wu Dongchai from Zhejiang Province proposed the NPC's Overseas Chinese Committee add members from Hong Kong, Macao and Taiwan, and members familiar with Overseas Chinese affairs.

Wu Chan, 83, wished to give up his candidancy as a member of the committee on account of his advanced age.

The Nationalities Committee, the Law Committee and the Committee for Internal and Judicial Affairs were elected with one abstention each.

The Financial and Economic Committee was elected with three abstentions. The Committee for Education, Science, Culture and Public Health was elected with eight votes against and 69 abstentions. The Overseas Chinese Committee was elected with two votes against and 12 abstentions. And the Foreign Affairs Committee was elected with two abstentions.

Session Approves Members

OW280251 Beijing XINHUA in English 0238 GMT 28 Mar 88

[Text] Beijing, March 28 (XINHUA)—Members of the seven special committees of the Seventh National People's Congress were approved here today at a plenary meeting of the ongoing NPC's first session.

The 156 members on the special committees were nominated by the Presidium after discussion last Thursday.

Ngapoi Ngawang Jigme is the chairman of the Nationalities Committee; Wang Hanbin, chairman of the Law Committee; Xi Zhongxun, chairman of the Committee for Internal and Judicial Affairs Committee [as received]; Chen Muhua, chairwoman of the Financial and Economic Committee; Zhou Gucheng, chairman of the Committee for Education, Science, Culture and Public Health; Liao Hansheng, chairman of the Foreign Affairs Committee; and Ye Fei, chairman of the Overseas Affairs Committee.

Of the seven committees, the Internal and Judicial Affairs Committee is newly established with a view to improving the organizational set-up of the NPC and reinforcing supervision over the country's judicial work.

Special committees are permanent institutions of the NPC. When the congress is in session, they examine the state budget, plans for social and economic development and draft laws. While the congress is not in session, they continue work authorized to them under the leadership of the NPC Standing Committee.

More scholars and specialists have been added to the special committees of the Seventh NPC compared with those of the Sixth NPC. The Law Committee is reinforced by some economists, economic planners and economic law researchers so that economic legislation can be strengthened. Among them are Chen Xian, advisor to the State Planning Commission, Gu Ming, president of the China Economic Law Society, and Jiang Yiwei, research fellow at the Industrial Economy Institute under the Chinese Academy of Social Sciences and president of the Chongqing Academy of Social Sciences.

Some noted scientists have been added to the Committee for Education, Science, Culture and Public Health, including Lin Lanying, semiconductor specialist and vice-chairwoman of the China Association for Science and Technology, and Huang Shunxing, an agronomist of Taiwan origin and now advisor to the Chinese Academy of Agricultural Sciences and council member of the China Agriculture Society.

Twenty of the 156 members on the seven special committees are from China'a minority ethnic groups. Twenty-four of them are either members of China's eight democratic parties or personages without party affiliation, and three are leaders of the country's religious organizations.

Namelists of Special Committees

OW281341 Beijing XINHUA Domestic Service in Chinese 0804 GMT 28 Mar 88

[Text] Beijing, 28 Mar (XINHUA)—Namelists of the special committees of the Seventh National People's Congress (156 persons)

Namelist of chairman, vice chairmen, and members of the Nationalities Committee of the Seventh National People's Congress (22 persons). Adopted on 28 March 1988 at the First Session of the Seventh NPC. Chairman: Ngapoi Ngawang-Jigme (Tibetan Nationality) Vice Chairmen: Yu Wen, Li Xuezhi, Aisin Giorro Pujie (Man nationality), Li Gui, Tao Aiying (Zhuang nationality), and Puncog Wangje (Tibetan nationality).

Members (listed in the order of the number of strokes in their surnames]: Mamtov Kurban (Uygur nationality), Ma Tengai (Hui nationality), Wang Bingyun (Buyi nationality), Wang Yaolun (Miao nationality), Zhaxi Wangqug (Tibetan nationality), Tian Fuda (Gaoshan nationality), Guan Shanfu (Man nationality), Sun Minchu (Hani nationality), Li Guiying (female; Yi nationality), Yang Chugui (female; Dong nationality), Yang Ming (Bai nationality), Zhang Youjun (Yao nationality), Chen Li, Cao Longhao, (Korean nationality), and Qinggeltai (Mongolian nationality).

Namelist of chairman, vice chairmen, and members of the Law Committee of the Seventh NPC (21 persons). Adopted on 28 March 1988 at the First Session of the Seventh NPC. Chairman: Wang Hanbin Vice Chairmen: Song Rufen, Fei Yimin, Gu Ming, Xiang Chunyi, and Jiang Ping.

Members (listed in the order of the number of strokes in their surnames): Wang Shuwen, Deng Jiatai, Liu Youguang, Li Shenzhi, Song Chengzhi, Chen Xian, Li Jianqing, Zhou Jie, Hu Dehua (female), Duan Suquan, Guo Liwen (female), Huang Yukun, Zhang Shiming, Zhang Ruiying (female), and Jiang Yiwei.

Namelist of chairman, vice chairmen, and members of the Committee for Internal and Judicial Affairs of the Seventh NPC (20 persons). Adopted on 28 March 1988 at the First Session of the Seventh NPC. Chairman: Xi Zhongxun Vice chairmen: Zou Yu, Meng Liankun, Peng Qingyuan, and Jiao Shanmin.

Members (listed in the order of the number of strokes in their surnames): Xing Yimin, Zhu Rong, Liu Yandong (female), Yin Fatang, Yan Youmin, Li Qing, Li Qi, Li Ruishan, Gu Jingsheng, Chen Zuolin, Lin Yueqin (female), Hu Hong, Qin Chuan, Tang Dacheng, and Cao Siming.

Namelist of chairman, vice chairmen, and members of the Financial and Economic Committee of the Seventh NPC (28 persons). Adopted on 28 March 1988 at the First Session of the Seventh NPC. Chairman: Chen Muhua (female) Vice chairmen: Ye Lin, Ma Hong, Tao Dayong, Li Peng, Zhang Gensheng, and Dong Fureng.

Members (listed in the order of the number of strokes in their surnames): Wang Runsheng, Gu Gengyu, Li Yining, Ren Xinmin, Liu Wei, Liu Nianzhi, Sun Jingwen, Yang Yimu, Yang Ligong, Yang Bo, Yang Keng, Wu Dakun, Hu Daiguang, Zhang Chen (female), Mo Wenxiang, Cai Shufan, Qian Min, Xu Yunbei, Gao Xiu, Tao Li, and Pan Yan.

Namelist of chairman, vice chairmen, and members of the Education, Science, Culture, and Public Health Committee of the Seventh NPC (30 persons). Adopted on 28 March 1988 at the First Session of the Seventh NPC. Chairman: Zhou Gucheng Vice Chairmen: Zhang Chengxian, Hu Jiwei, Hu Keshi, Wang Wei, and Liu Bing.

Members (listed in the order of the number of strokes in their surnames): Feng Zhijun, Ye Duzheng, Zhu Dexi, Liu Danian, Liu Dongsheng, Liu Lifeng, Xu Jialu, Li Zhuang, Li Zehou, Yang Haibo, Yang Jun, Wu Zhonghua, Chen Shunli, Lin Lanying (female), Hao Yichun (female), He Jingzhi, Huang Zhigang, Huang Shunxing, Dong Jianhua, Xie Tieli, Chu Zhuang, Cai Zimin, Xiong Fu, and Yan Jinsheng.

Namelist of chairman, vice chairmen, and members of the Foreign Affairs Committee of the Seventh NPC (18 persons). Adopted on 28 March 1988 at the First Session of the Seventh NPC. Chairman: Liao Hansheng Vice chairmen: Fu Hao, Zeng Tao, Zhang Wenjin, Yao Guang, and Ke Ping.

Members (listed in the order of the number of strokes in their surnames): Ding Guangxun, Ma Qibin, Wang Shuxian (female), Qu Tangliang (female), Song Yiping, Zhang Ting, Zhou Hongren, Zhao Fushan, Huan Xiang, He Jinheng, Dong Yinchu, and Xie Huaide.

Namelist of chairman, vice chairmen, and members of the Overseas Chinese Committee of the Seventh NPC (17 persons). Adopted on 28 March 1988 at the First Session of the Seventh NPC. Chairman: Ye Fei Vice chairmen: He Ying, Liang Lingguang, Gao Dengbang, and Chen Zongji.

Members (listed in the order of the number of strokes in their surnames): Ye Disheng, Ye Peiying (female), Wu Chan, Du Ziwei, Chen Heqiao, Lin Liyun (female), Lin Ruilian (female), Zhou Zheng, Yi Meihou, Xu Qichao, Huang Junjun (female), and Xie Hongsheng.

NPC Presidium Discusses Macao Issue

OW280940 Beijing XINHUA in English 0913 GMT 28 Mar 88

[Text] Beijing, March 28 (XINHUA)—The Presidium of the First Session of the Seventh National People's Congress (NPC) today approved a draft decision on establishing a committee for drafting the basic law of the Macao Special Administrative Region.

The Presidium, presided over by Executive Chairman Wan Li, also approved the draft electoral methods for the session.

The two drafts will be submitted to the NPC delegations for examination before being put to the congress for approval.

According the draft decision on establishing the Macao the basic law drafting committee, [as received] the committee will be answerable to the NPC and to the NPC Standing Committee when the congress is not in session.

The committee will comprise people from all circles and experts including Macao compatriots and the list of its membership will be published upon approval by the NPC Standing Committee.

Peng Chong, secretary-general of the current NPC session, told the Presidium meeting that China will adopt a series of special policies, in the light of the "one country, two systems" principle, after the recovery of its sovereignty over Macao, in order to ensure the latter's social stability and economic development.

The basic law of the Macao Special Administrative Region will spell out China's basic policies towards Macao in the form of a law, which will remain unchanged in 50 years, Peng added.

Because the drafting will take a relatively long time, the executive chairmen of the Presidjum suggested, upon Acting Premier Li Peng's proposal, that the Presidium submit to the current session for deliberation and approval a decision on the establishment of a committee for drafting the basic law of the Macao Special Administrative Region so that the drafting can begin at an early date.

Same as the basic law of the Hong Kong Special Administrative Region, the basic law of the Macao Special Administrative Region will be an important law in China as well as the basic law for the future Macao Special Administrative Region, Peng Chong stressed.

Opinions will be invited from all sides including Macao compatriots in the course of the drafting, he added.

According to the Sino-Portuguese Joint Declaration on Macao, China will resume the exercise of its sovereignty over Macao in 1999 when the Macao Special Administrative Region will be established.

The joint declaration was approved in June 1987 at the Sixth NPC Standing Committee as authorized by the Fifth Session of the Sixth NPC, and went into effect after the instruments of ractification were exchanged between the two governments on January 15 this year.

'Heated' Discussions as NPC Session Televised

OW260914 Beijing XINHUA in English 0836 GMT 26 Mar 88

[Text] Beijing, March 26 (XINHUA)—The televised opening meeting of the first session of China's Seventh National People's Congress yesterday drew millions of Chinese viewers, who discussed and argued among themselves as Acting Premier Li Peng was delivering his report on government work.

According to a report carried in "ECONOMIC DAILY" today, Li Peng's remarks about scientific and technological development were closely followed by scientists of the institute of biophysics of the Chinese Academy of Sciences.

Zhang Qinggang, an associate research fellow, expressed full support for turning scientific achievements into productive forces.

An engineer, also named Zhang, said that the heartiest wish of scientists is to make full use of their knowledge, even if they don't get a salary increase.

A resident named Wang of Datianshuijing Lane in downtown Beijing, was interested in the acting premier's statement on the reform of the pricing system.

The 66-year-old retired doctor said that the price for ginger, for example, has increased sharply in the last two months. However, prices for agricultural produce have to rise because the state cannot always afford to subsidize them, he remarked.

"After all, we ordinary people are quite reasonable although we do complain from time to time. We know that it isn't easy to run a country like China," he said with a smile.

Inside the No 1 Department Store of Shanghai, several TV sets drew a large number of shoppers. Their hottest topic of argument was who would be the new leaders of the state and government.

One middle-aged man said that he did not care who will be the new leaders so long as they continue to carry out the reforms and open policy and guarantee long-term stability and security for the country.

Heated discussion started among the shoppers when they heard Li's remarks about excessive price rises in recent years.

Ji, an officer of a navy academy, said that prices for some goods still remain fixed, resulting in their unavailability. Some industrial goods, such as color TV sets, cannot be found on the market even if you do have the money for them.

In Tianjin, workers of Tianjin port were very much interested in the acting premier's remarks on the economic development of coastal areas.

Xue Changfang, a deputy head of the planning section of the port's administrtion, said that as a major port for international trade, Tianjin port has an important role to play in expanding large-scale imports and exports, but it still faces a series of problems in reforming its structure. Methods used in managing ordinary enterprises cannot be simply copied in running the port.

A deputy director of the general office of the port's administration, agreed with the acting premier on the need to overcome bureaucracy.

"How can you do a thing if you have to see dozens of official stamps first and wait for months before you can get the final approval. If we continue to do things this way, another good opportunity will slip by," he complained.

Chu Wenbin, a peasant in Hunan Province, praised the acting premier for his down-to-earth attitude towards achievements and shortcomings, saying that Li made no overstatements in his report.

National Papers Highlight NPC Session

OW260818 Beijing XINHUA in English 0758 GMT 26 Mar 88

[Text] Beijing, March 26 (XINHUA) — The "PEOPLE'S DAILY" and other national newspapers today devoted most of their front pages to reports and photos on the opening of the first session of the Seventh National People's Congress (NPC), China's highest legislative body.

They all printed excerpts of the Government Work Report delivered by Acting Premier Li peng at the session yesterday.

The "PEOPLE'S DAILY" frontpaged a photo of Li Peng delivering the report and a group photo of top Chinese leaders Zhao Ziyang, Deng Xiaoping, Li Peng, Li Xiannian, Peng Zhen, Yang Shangkun, Wan Li and Ulanhu.

The "PEOPLE'S DAILY" also carried news reports on panel discussions held by members of the Seventh National Committee of the Chinese People's Political Consultative Conference (CPPCC).

The national newspapers also carried sidelights on the opening of the NPC session.

NPC Session Draws Attention of Millions

OW280816 Beijing XINHUA in English 0739 GMT 28 Mar 88

[Text] Beijing, March 28 (XINHUA)—The ongoing First Session of the National People's Congress (NPC), China's highest legislative body, has become a hot topic for serious discussions among millions of ordinary Chinese.

Workers of the Tianjin wool top mill showed great concern over the price reform, a major issue discussed by Acting Premier Li Peng in his report to the NPC session.

Wu Banglian, a worker of the mill's top-making workshop, said that he and his fellow workers approve reasonable price readjustment, but oppose exorbitant price hikes and price rise in disguise. "We understand it is impossible to have only wage increases without allowing price rises," he said.

Yang Hongbin, a staff member of the mill, said that in price readjustment, people's ability to pay must be considered. "I really cannot afford cabbages at two yuan a kilo with my salary of 70 yuan a month," he added.

Xiang Siying, a 24-year-old female graduate student at the Central-South China University of Finance, said, "I can understand the reason for price rise because I am a student of economics. But it is hard for the ordinary people to accept rape bolt priced at over three yuan a kilo."

Wu Sihe, a vegetable seller, agreed that prices for vegetables are too high, but countered by saying that vegetable growers have to buy highly-priced chemical fertilizer and covering film to grow vegetables too.

Gao Fujing, a peasant of Zhenping County in Henan Province, said that he wants the central government to strictly discipline local officials for misdeeds. A township official in his home county received several thousand yuan as gifts on the occasion of building a new house, which cost him less than 3,000 yuan.

A cadre engaged in discipline inspection wanted the NPC to employ legal means to fight against corruption, saying that misdeeds among party and government officials as well as among ordinary people have become so widespread that they cannot be corrected by persuasion alone now.

An old man walking with a stick wanted the NPC to urge the government to be more concerned about the welfare of childless old people in rural areas now that the responsibility system has been introduced in the countryside.

Li Fucheng, a cattle breeder who earned 150,000 U.S. dollars by exporting 600 cattle last year, expressed the hope that the NPC will put into the Constitution a provision on the protection of the interests of private business operators like himself.

Army Deputy Urges More Discussion With Ministers
OW271340 Beijing XINHUA in English 1323 GMT 27 Mar 88

[Text] Beijing, March 27 (XINHUA)—Lu Liang, an Army deputy to the current session of the Seventh National People's Congress (NPC), has urged ministers and vice-ministers to attend NPC panel discussions.

Lu, director of the "LIBERATION ARMY DAILY", said NPC deputies are elected by people, so they know very well what the people want the government to do. They have much to say at the panel discussions on behalf of the people, he added.

"If ministers do attend our panel discussions, how can they hear what we say?" He asked.

Members of the State Council, China's highest governing body, are approved by NPC deputies.

"I'm sorry to say we can't meet them except the premier, the minister in charge of the State Planning Commission and minister of finance, who deliver reports to the NPC session once every year," he said.

When a minister comes, deputies will consider carefully before airing their views so that they express correctly what [words indistinct].

Lu was speaking when another deputy cut in with a raised voice: "We'd better ask the minister of civil affairs to attend the army delegation discussions for the ministry is in charge of the country's work of supporting the Army and cherishing the people and other related work."

"The minister of labor and personnel should also come here for the Ministry is responsible for the arrangement of the demobilized army officers and men," another deputy added.

Yang Baibing, director of the General Political Department of the People's Liberation Army who presided over the discussion, put in: "So should be the minister of finance."

Lu said, "We've seen our foreign minister only on T.V. We hope he will come to join us."

Veteran NPC Deputies Recall Earlier Sessions
OW270732 Beijing XINHUA in English 0704 GMT 27 Mar 88

["NPC Improves in Function"—XINHUA headline]

[Text] Beijing, March 27 (XINHUA)—The National People's Congress, China's highest legislative body, has been improving in its function in keeping with the improvement of socialist democracy.

Those who attended the first NPC session in 1954 recalled that some deputies from the grass-roots units did not even know how to write their names and wear their name tags. All they were excited about was a chance to see party and state leaders and have something to tell back home.

During the ten chaotic years of the Cultural Revolution (1966-1976), the NPC became even more symbolic, a deputy said. All resolutions were passed unanimously, with all deputies raising their hands to show their approval. Thus, NPC deputies acquired their nickname "hand-raisers".

Shi Fu, a railway worker who has been a deputy to the NPC for three terms, said that he did know he was supposed to air criticisms and suggestions when he first became a deputy in the 1970s but he was not given the chance to do so. In the last few years, however, things began to change and deputies have become more and more involved in deliberating state affairs, he said.

Kong Fanlu, a peasant deputy from Shandong Province, said that local officials, relatives and friends all called on him before he left for this NPC session. They all have something for him to convey to the NPC session.

"The night before my departure, my neighbor dropped in and asked me to complain about the policy towards pig breeding on his behalf. Government departments refuse to purchase all our pigs when there are too many and blame us for not breeding more pigs when there are too few. What we want is a stable and long-term policy," he added.

Chen Xianhua, an Army deputy, said that to be a deputy is no longer considered merely as an honor. He now has the heavy responsibility to represent the people in weighing state affairs.

Rong Yiren, chairman of the China International Trust and Investment Corporation and a deputy to all the seven National People's Congresses, said that much progress has been made by the NPC in deciding state affairs. It is playing a more and more important role in building democracy and improving the legal system in China.

NPC, CPPCC Sessions To Recess 27 March

Sessions To Resume 28 March

OW261553 Beijing XINHUA Domestic Service in Chinese 1212 GMT 26 Mar 88

[Text] Beijing, 26 Mar (XINHUA)—The First Sessions of the Seventh NPC and the Seventh CPPCC National Committee will go into recess on Sunday, 27 March. When the NPC Session is resumed on Monday, 28 March, it will hold the third plenary meeting to continue to hear special reports submitted by the State Council and will hold panel discussions on various reports.

On 28 March members of the CPPCC National Committee will continue group discussions, in addition to observing the NPC general meeting.

The 31 delegations to the NPC Session were divided into 123 panels today to discuss the Government Work Report. Members of the CPPCC National Committee were also divided into 48 groups yesterday, and held animated discussions on the report. The deputies and members freely aired their opinions, including criticisms and suggestions, in a strong atmosphere of democracy.

Members Concerned Over Accidents

OW280805 Beijing XINHUA Domestic Service in Chinese 1412 GMT 27 Mar 88

[By reporters Cong Yaping and Zhang Jinsheng]

[Text] Beijing, 27 Mar (XINHUA)—NPC deputies and members of the CPPCC National Committee have expressed great concern over the collision of two passenger trains in the Shanghai area on 24 March. They maintain that railway departments must earnestly improve their operation and reestablish iron discipline.

Li Wenyuan, NPC deputy and deputy commissioner of the Administrative Office of Qujing Prefecture, Yunnan, said: The railway departments' biggest problem today is their lack of iron discipline. People were deeply impressed by the strict discipline of the "semimilitarized" railway workers in the 1950's and 60's. Obssessed by economic returns, railway departments have not been paying sufficient attention to the railway workers' ideology and work style in recent years. Now, after several lessons which have been paid for with blood, railway departments must intensify their discipline and make every effort to improve the workers' ideology and work style in order to restore their glorious tradition.

Qian Sichu, member of the CPPCC National Committee and senior engineer of the Survey and Design Company under the Jinan Railway Bureau, said: Like a huge interlocking machine, railway operations require the coordination of many people, including train operators, railway maintenance crews, rolling stock inspectors, and attendants. Such being the case, regulations and rules as well as organizational discipline in particular must be emphasized.

Liu Zengta, member of the CPPCC National Committee and senior engineer of the Bridge Building Engineering Bureau under the Ministry of Railways, said: Since the Ministry of Railways instituted the contract system last year, it has improved its economic returns. The system, however, has caused a noteworthy problem: Some people are not as conscientious as before regarding technical matters, such as safety, quality, and maintenance of rolling stock and equipment. If problems in these areas are not taken care of conscientiously, accidents will be inevitable.

Zhang Zhengqing, NPC deputy and director of the Urumqi Railway Bureau, said: My heart aches on learning about the great loss of life and property as a result of the series of major railway accidents this year. I think that railway workers' incompetence is the key to this series of railway accidents. In recent years children of railway workers have been allowed to take over their fathers' jobs, and problems caused by this practice can now been seen. When railway workers arrange for their children to succeed them in their jobs, they often let the more talented children go to school and the less talented ones take over their jobs. Since so many such people are involved, training cannot keep up with need, causing a dislocation between old and new railway workers. To ensure safety in transportation, Zhang proposed that training of workers be intensified, that workers be educated on safety in operation before they are assigned to work in any unit, workshop, or railway section, and that all railway personnel be placed under scientific management.

Hong Kong, Macao Members Feted

OW272337 Beijing XINHUA Domestic Service in Chinese 1502 GMT 26 Mar 88

[By reporter Duanmu Laidi]

[Excerpts] Beijing, 26 Mar (XINHUA)—The CPPCC National Committee and the United Front Work Department of the CPC Central Committee hosted a banquet at Beijing Hotel this evening for NPC deputies and members of the CPPCC National Committee from Hong Kong and Macao. In his toast, Yan Mingfu, director of the United Front Work Department, extended a welcome to the NPC deputies and CPPCC members, and urged them to freely air their views at the NPC and CPPCC sessions and to contribute to the progress of the country and the welfare of the people.

Inside the banquet room on the second floor, some 70 deputies and members clinked their classes and exchanged toasts to the convening of the NPC and CPPCC sessions and to the motherland's prosperity and the success of reform in all fields.

Yan Mingfu said: The convening of the NPC and CPPCC will surely further harness the enthusiasm of the people of all nationalities on the mainland; compatriaots in Taiwan, Hong Kong, and Macao; and Overseas Chinese in promoting the great undertakings of motherland reunification and rejuvenation. He said: We are pleased to note that a favorable trend has emerged in the relations between Taiwan and the mainland, and that Hong Kong and Macao are playing an important role as a bridge between the motherland and Taiwan. It is believed that NPC deputies and CPPCC members from Hong Kong and Macao will contribute to the motherland's reunification and implementation of the proposal of "one country, two systems." As he finished his toast, all those present rose and clinked their glasses. [passage omitted]

Xi Zhongxun, Wang Renzhong, Zhu Xuefan, Zhou Gucheng, Rong Yiren, Gu Mu, Qian Changzhao, Wang Guangying, Deng Zhaoxiang, Fei Xiaotong, and Liu Jingji were present at the banquet. They exchanged pleasantries with the deputies and members. In his toast, Xi Zhongxun said he was delighted to meet old friends and make new acquaintances. He asked Deputy Xu Jiatun, who is the director of the XINHUA branch office in Hong Kong, to convey warm regards to Deputy Fei Yiming who was not present because of illness. Deputy Henry Ying Tung Fok proposed a toast to the success of the two sessions as well as good health to all.

'Social Activist' Urges Reform

OW271051 Beijing XINHUA in English 1045 GMT 27 Mar 88

[Text] Beijing, March 27 (XINHUA)—Cheng Siyuann a noted social activist, today urged the National People's Congress (NPC) and the Chinese People's Political Consultative Conference (CPPCC) to better play their role in supervising government organs.

Cheng, 80, said that he, as a member of the previous NPC Standing Committee, had noticed great progress made by the committee in the past five years.

"But the NPC Standing Committee meets every two months. I don't think this suits the needs of legislation and legal supervision," he noted.

He proposed that the rules of procedures for the NPC special committees be perfected and the building of the legal system accelerated.

Under China's Constitution, the NPC exercises all state power. For instance, state administrators are appointed by the NPC, and are held responsible to and supervised by it.

"Since the promulgation of the new Constitution in 1982, however, we've seldom seen this power of supervision over government organs exercised," he said.

"In [words indistinct], I think supervision by mass media is also very important. There should be limits to any power," said Cheng, who studied in Europe in his youth and served as deputy secretary-general of the Fifth and Sixth CPPCC national committees.

He also urged the CPPCC to step up its organizational building to systematize political consultations and democratic supervision.

The aim is to enable the CPPCC to play a greater role in China's political and social life, its exchanges with the rest of the world, its modernization drive and its reunification effort.

China will suffer serious bureaucratism if its state power is overconcentrated, according to Cheng, who has no party affiliation.

This, plus the deep-rooted influence of feudalism, makes it absolutely necessary to reform China's political structure.

"I think political reform is essential to preventing another disastrous 'Cultural Revolution' and ensuring China's long-term stability and prosperity," he said.

No country dares to say that its political structure is flawless, he noted. For instance, Ronald Reagan did not inform the United States Congress of its decision to send troops to Honduras, provoking severe criticisms from both the Senate and the House of Representatives.

"This shows that the system of separation of powers does have faults," said Cheng.

The essence of China's socialist democracy and politics lies in the fact that the people are masters of the country. This finds expression in the people's congress system and the system of multi-party cooperation and political consultation under the leadership of the Communist Party (CPC).

Said Cheng: "I'm sure that with the progress in the political reform and the introduction of a socialist democracy system, all these systems will be developed and improved constantly."

The political consultative system has been improved steadily in the past decade, he added. It is a practice now for the CPC Central Committee to convene a meeting to solicit different views before making a major policy decision.

He cited as example the personnel arrangements for the current NPC and CPPCC national committee sessions.

The CPC Central Committee consulted people from various circles before the convocation of its 13th national congress last year. Earlier this month, it convened two meetings to solicit views from various circles.

This fully demonstrates the principle under which the CPC and various democratic parties will co-exist for a long time and supervise each other, he said, adding: "I'm sure multiparty cooperation will be increasingly fruitful."

Seventh CPPCC National Committee Meets

Work Report Delivered

OW280643 Beijing XINHUA Domestic Service in Chinese 1416 GMT 24 Mar 88

[Text] Beijing, 24 Mar (XINHUA)—As requested by the Standing Committee of the Sixth CPPCC National Committee, Qian Xuesen, vice chairman of the Sixth CPPCC National Committee, delivered a work report today to the First Session of the Seventh CPPCC National Committee.

In the report, Qian Xuesen said: Since the 3d Plenary Session of the 11th CPC Central Committee, China's united front work under the leadership of the CPC has entered a new period of vigorous development. After setting things to rights and forging ahead, the CPPCC has restored work in all respects, made important developments, and created a new situation. On the basis of the work of the Fifth CPPCC National Committee, the Standing Committee of the Sixth CPPCC National Committee continued to adhere to the principle pointed out by Comrade Deng Xiaoping that "the tasks of the united front and of the CPPCC in the new period are to mobilize all positive forces, strive to transform all negative forces into positive ones, and unite with all the forces that can be united so that all can work in harmony to maintain and strengthen political stability and unity in China and make it a modern, powerful socialist country." In consideration of our country's central tasks and the characteristics of the CPPCC organizations, the Standing Committee of the Sixth CPPCC National Committee actively worked to promote reforms, opening to the outside world, and the building of the two civilizations; to improve socialist democracy and the legal system; and to promote the reunification of the motherland.

In the report on the work of the Standing Committee of the Sixth CPPCC National Committee, Qian Xuesen summarized the major work of the Sixth CPPCC National Committee in the last 5 years:

—Holding high the banners of socialism and patriotism to consolidate and expand the patriotic united front in a spirit of great unity.

The CPPCC Committee membership became larger and its representation became more comprehensive. The Sixth CPPCC National Committee made organizational readjustments to include 31 categories of participants, such as democratic parties, non-party democrats, mass organizations, representatives of various circles, minority nationalities, Taiwan compatriots, Hong Kong and Macao compatriots, returned Overseas Chinese compatriots, and specially invited people. The committee membership composition also underwent great changes. Great achievements were made in implementing redress policies. In the last several years, 530 members of the CPPCC National Committee requested that their grievances be redressed, and 522 of them have had their problems solved, thanks to the attention of the CPC Central Committee and local party and government leaders, the close cooperation of all quarters, and the hard work of many people. Of those grievances, all cases of political injustice have been redressed, all unjustified political conclusions were erased, and all questions concerning evictions from houses and confiscated property during the "Cultural Revolution" were properly handled.

The reunification of the motherland was actively promoted. To achieve the reunification of the motherland in accordance with the principle of "one country, two systems" is one of the three major tasks of the Chinese people in this century, as well as priority work for the patriotic united front and the CPPCC. In light of the fact that its members had wide contacts at home and abroad and had certain historical connections with Taiwan authorities and people of all walks of life in Taiwan, the Sixth CPPCC National Committee encouraged and supported its members to make more friends and actively publicize the policy of reunifying the motherland in accordance with the principle of "one country, two systems" in the course of work. The committee members were encouraged to increase their friendly contacts with Taiwan compatriots, Hong Kong and Macao compatriots, and Overseas Chinese compatriots by visiting them abroad or inviting them to visit China if conditions permit. The committee members were encouraged to sponsor relevant commemoration activities and friendly gatherings and publish relevant historical accounts of past events to promote mutual understanding, national feelings, and cultural and academic exchanges between the people across the Taiwan Strait, and to strive to promote the reunification of the motherland.

—Taking various actions to promote reforms, opening to the outside world, and the building of the two civilizations: The CPPCC actively conducted studies and discussions on various important questions concerning reforms, opening to the outside world, and economic construction, including such topics as the scale of state capital construction projects, important construction projects, reform of industrial enterprise management system, reform of the financial, banking and pricing systems, development of energy sources and transport, control of the scale of capital construction, agricultural investment and grain production, development of town and village enterprises, establishment of special economic zones, construction in old revolutionary base areas, regions of minority nationalities, outlying regions and poor regions, and how to launch "the campaign to increase production and practice economy and to raise revenue and reduce expenditure." The CPPCC also put forward many useful opinions and suggestions and provided important reference materials for use in policy-making by leading party and government organs. The CPPCC work groups conducted investigations of special subjects concerning China's education, science, culture and public health, and made

many suggestions on how to solve existing problems, reform old structures, and improve the ideological and moral quality and raise the scientific and cultural levels of the whole nation. Many committee members also offered advice in their proposals on how to speed up the building of spiritual civilization.

—Actively unfolding people-to-people diplomacy to increase mutual understanding and friendly exchanges with the people of other countries: Over the past 5 years, the CPPCC has organized and sent 32 delegations (groups) on goodwill visit to various countries, and invited 25 foreign delegations (groups) to visit China. It also established friendly relations with relevant political and mass organizations in 20 countries in Asia, Europe, Africa, and Oceania, as well as coordinated with departments concerned in receiving and attending discussions with visitors from political, economic, cultural, educational, scientific and technological, and religious circles from abroad. Through these activities, the CPPCC publicized China's reform and open policy and achievements in its modernization program, as well as multiparty cooperation led by the Communist Party and socialist democracy with Chinese characteristics. These activities have deepened our mutual understanding with foreign friends, enabled us to learn from each other, and promoted friendly exchanges and cooperation between the Chinese people and the people of other countries, thereby contributing to world peace.

—Strengthening ties with and guidance over local CPPCC committees: The Sixth CPPCC National Committee time and again held special work conferences, during which local CPPCC committees exchanged work experiences and discussed questions of common interest. The Standing Committee of the Sixth CPPCC National Committee on a number of occasions adopted resolutions instructing CPPCC committees at various levels to jointly implement major policy decisions. All work groups under the CPPCC National Committee also gradually strengthened ties and cooperation with corresponding work groups under local CPPCC committees. A few work groups cosponsored activities with local CPPCC committees.

Qian Xuesen said in the report: While unfolding various activities in the past 5 years, the CPPCC focused its attention on exercising the basic role of political consultation and democratic supervision, considering major issues related to the national economy and the people's livelihood as the main aspects of political consultation and democratic supervision, and gradually systematizing such political consultation and democratic supervision in the course of practice.

—Keeping the members informed is a prerequisite for doing a good job in political consultation and democratic supervision: In order to help the members bring their role into better play, the Standing Committee of the Sixth CPPCC National Committee adopted diverse means to keep them informed by periodically organizing study and discussion sessions on national [words indistinct] principles and policies. The CPPCC also invited leading comrades of the central party and government departments to brief the members on major events in political, economic, and social life, as well as attended relevant meetings of the NPC Standing Committee and departments and commissions under the State Council. Over the past 5 years, the CPPCC National Committee organized a total of 49 groups, involving over 2,000 members, on inspection tours to old revolutionary bases, minority nationalities, frontiers, and impoverished areas, the special economic zones, and coastal open cities in 26 provinces, autonomous regions, and municipalities. The members put forth a host of suggestions concerning the economic structural reform, strategy for economic development, exploitation of resources, and development of education, science and technology, and culture in the areas visited by the members.

—The full sessions of the CPPCC National Committee, meetings of its Standing Committee, and the chairmanship meetings are the major organizational forms for exercising political consultation, as well as important venues for all democratic parties and patriots without party affiliation to participate in and discuss state affairs. The Sixth CPPCC National Committee convened a total of 5 full sessions, 17 Standing Committee meetings, and 25 chairmanship meetings, which discussed principles and policies concerning China's economic structural reform, the Seventh 5-Year Plan for national economic and social development, the annual government work report, national economic and social development plan, and state budget and final account, and other major issues related to the national economy and the people's livelihood, as well as important projects of the CPPCC National Committee, thereby enabling all quarters of the CPPCC to fully air and exchange their views.

—The work groups (commissions) are the concrete organizational forms of the CPPCC to maintain frequent contacts with its members and the people of all walks of life, exercise its functions of political consultation and democratic supervision, and serve the united front in carrying the three major tasks in the new era. With the rapid pace, the reform and open policy, and the building of the two civilizations, all work groups under the CPPCC National Committee have further enriched their activities, achieving advances both in depth and width. They are manifested, first, in the initiative to go deep into various realms of the political, economic, and social life to carry out extensive activities focussed on the national central tasks and important questions of concern of the masses; second, in the flexible and diversified work methods of making optimal use of the members' broad representation, extensive contacts with various circles, professional knowledge, and rich practical experience; third, in the increased contacts with relevant government departments and diverse forms of consultation and dialogue; and fourth, in the special investigation and study activities. In the 5 years, the work groups

under the CPPCC National Committee sponsored a total of 904 activities, and, on the basis of investigation and study, put forth 77 special reports, 80 special suggestions, and 95 comprehensive reports. Many of the suggestions have received keen attention from the central party and government organs, and some that were put into action have already produced good results.

—Submitting motions is an important way for CPPCC members to get involved in political work and exercise their democratic supervision over state affairs. The CPPCC National Committee has achieved significant improvements in this area over the past 5 years. First, the previous provisional motions-examining committee set up during the CPPCC National Committee session has been replaced by a permanent committee that offers regular, year-round service for motions that used to be accepted and handled only when the CPPCC National Committee was in session. Second, there is no longer any restriction for motions regarding their contents and the number of cosponsors. Third, it has strengthened coordination with relevant departments by organizing the sponsors of important motions to consult with the handlers of those motions on the way they should be handled, or to discuss the motions with relevant departments so that the motions can be further substantiated and more efficiently implemented. Fourth, since 1985 the overwhelmig majority of motions have been handled jointly by the general offices of the NPC Standing Committee, the State Council, and the CPPCC National Committee, thus enhancing the handling efficiency. Fifth, it has drawn up a set of special rules governing the procedures of presenting and handling motions, thus institutionalizing all motion-related operations.

Qian Xuesen said: Over the past 5 years the CPPCC National Committee has exercised its consultative and supervisory functions in all political, economic, and social areas in various flexible and efficient ways, demonstrating the constant development of socialist democracy in China and the increasingly important role of CPPCC organs.

Citing the report of the 13th CPC Congress, which says that the system of multiparty cooperation and political consultations under the CPC leadership is the nation's special, superior feature because the system has fully acknowledged the CPPCC role in the socialist political system and in the building of a socialist democracy, Qian Xuesen said that CPPCC organs will play an even stronger role in implementing the line of the initial stage of socialism in China.

Summing up the CPPCC organs' work on behalf of the Standing Committee of the Sixth CPPCC National Committee, Qian Xuesen said:

1. CPPCC organs should earnestly display their basic functions, gradually regularize and institutionalize their political consultations and democratic supervision over state policies and major issues concerning people's livelihood, and restructure CPPCC organs in a planned manner according to the guidelines set forth by the 13th CPC Congress. They should study and sum up historical experiences, discuss the new situation and issues following the separation of party and government affairs, and gradually establish and improve all institutions and regulations, including those governing CPPCC organs' consultative and supervisory roles, regulations and rules for meetings, as well as those governing CPPCC organs' ideology, work style, and organizations so that CPPCC organs will have rules to follow and can play an even more important role in China's political life.

2. CPPCC organs should foster socialist democracy and do their work in accordance with guidelines for democratic consultation and cooperation. They must fully reflect their special role of being organs of the broadest patriotic united front, and firmly implement the policy of "long-range coexistence, mutual supervision, showing utter devotion to each other, and sharing weal and woe." Organizationally, they must make sure that people of all democratic parties and all sectors are proportionally represented by CPPCC members, and they must encourage CPPCC members to keep themselves well-informed and to take a more active part in political consultation. People in various quarters should be encouraged to speak up, tell the truth, and act as friends who give forthright admonition. All views expressed by CPPCC members at various CPPCC functions should be protected as long as they are made within the scope allowed by the constitution so that people of all quarters can fully present their views, requests, criticisms, and suggestions; and so that we can promptly discover and correct our shortcomings and mistakes and improve our work in all fields on the basis of the correct views.

3. CPPCC organs should take the initiative to open a new situation for CPPCC operations under the CPC leadership. CPPCC organs should give full scope to their initiative, conciously accept and strive for CPC committees' political leadership, work in coordination with government organs, and carry out CPPCC projects in the spirit of reform. Around the work of implementing the basic line of the initial stage of socialism and carrying out the important tasks of CPC committees and government organs, they should do a more thorough, earnest, and fruitful job in providing political consultations and democratic supervision so as to contribute to the development of all causes and open a new situation for CPPCC operations.

In conclusion, Qian Xuesen said: While the CPPCC National Committee has achieved some success in its endeavor to facilitate reforms, opening up, and material and spiritual construction, what it has accomplished still cannot keep pace with the development of the situation, and so it must continue to improve its work in many areas. Now the Sixth CPPCC National Committee has accomplished its historical mission, and a more glorious and formidable mission is waiting for the Seventh

CPPCC National Committee. We believe that, because of the unity of all CPPCC members, CPPCC organs certainly will achieve even greater successes in implementing the basic line of the initial stage of socialism, and in rejuvenating China and reunifying the country.

Members Discuss Improvements

OW251650 Beijing XINHUA in English 1547 GMT 25 Mar 88

[Text] Beijing, March 25 (XINHUA)—Members of the Seventh National Comittee of the Chinese People's Political Consultative Conference (CPPCC) put forward suggestions on how to improve CPPCC functions at panel discussions here today.

The growth of CPPCC organizations keeps pace with the improvement of socialist democracy, said Feng Tiyun, who is the first member of a non-communist party to be appointed a vice-minister after 1976.

He said that it is a good thing for members of non-communist parties to be included in the government. He also hoped that non-communist parties should raise the basic qualities of their own members so that they will be better able to manage state affairs.

Song Changti, a member of the Revolutionary Committee of the Chinese Kuomintang, said that inspection tours are important for CPPCC members. He said that such tours should take CPPCC members to grass-roots units, especially in poor regions, border areas and former revolutionary bases. "We would then be able to base our porposals on actual conditions," he said.

Tu Yan from the Chinese Academy of Sciences said that the CPPCC which has many talented personnel sould sponsor more professional surveys. Decision-making departments used to pay big attention to proposals raised by experts, he said.

He proposed that the CPPCC National Committee set up a special advisory or consultant group to help with the reform of the administrative structure of science and technology.

Hong Chaosheng, director of the Cryogenics Center of the Chinese Academy of Sciences, said that aging CPPCC membership is a problem. He suggested that more younger members should be added to the committee.

Hong said that young people, especially college students, should be invited to CPPCC sessions as observers since they are concerned with the future and destiny of the country.

Zhang Pei, a member with no party affiliation, criticized the handling of some of the proposals. Last year he proposed to set up a federation to strengthen social science studies, the federation was not set up due to lack of funds.

Political openness is a condition for the People's Political Consultative Conference to play its role in discussing state affairs, said Chen Musen, Standing Committee member of the Central Committee of the Taiwan Democratic Self-Government League. Such openness is also important for democratic dialogues, he added.

Hong Kong, Macao Members Speak

OW251742 Beijing XINHUA in English 1640 GMT 25 Mar 88

[Text] Beijing, March 25 (XINHUA)—Members of the Seventh National Committee of the Chinese People's Political Consultative Conference from Hong Kong and Macao today criticized CPPCC work and suggested ways to improve it.

In a panel discussion, Chuk Woon-fai, director of Wide Angle Publishing Co. Ltd. in Hong Kong, said that last year he put forward a proposal for banning unauthorized killing of wildlife.

In a written reply to him, the Forestry Ministry said that his proposal had been accepted and the state would soon publish new regulations concerning the protection of wildlife.

"But there are still cases of unauthorized felling of trees and killing of wild animals," he said, "so my proposal has produced little effect."

He said a total of 7,600 proposals were put forward to the previous CPPCC National Committee, but not many of them have been implemented, he hoped that the current CPPCC National Committee will make a breakthrough in this respect.

In his speech, Tsui Sze Man, managing director of the Mirror Post Cultural Enterprises Co. Ltd. in Hong Kong, said that he was glad to see the current CPPCC National Committee has a younger membership.

Although he felt discouraged because some of his suggestions were neglected in the past, he has not become downhearted, he noted.

In addition, Tsui Sze Man complained about the way proposals have been handled, adding that the 7,000 proposals raised at the Sixth CPPCC were numerous in number but poor in quality.

For instance, he said his anti-smoke proposal last year met no satisfactory reply since both the tobacco corporation and the Ministry of Public Health replied they could do nothing about the publicity of anti-smoke endeavor.

"It is impossible to carry out all proposals raised by 2,000 CPPCC members," he said, "but suggestions made by the majority draw attention and are handled properly."

For instance, he said, proposals concerning bureaucracy, education and middle-aged intellectuals raised in recent years have been given great attention.

Annie S.C. Wu, a new member and the managing director of World Trade Center Club of Hong Kong, said that to maintain the political stability of China's mainland is a sincere wish of people in Hong Kong and Macao because it is conducive to Hong Kong's economic stability.

Hu Hung-lick, president of Shue Yan College of Hong Kong, said that the "one-country, two-systems" concept is not to pull the two systems further apart since they can complement and learn from each other.

Teggy P. Lam said that the annual session of the Chinese People's Political Consultative Conference National Committee lasts too long and costs too much. She suggested that more emphasis be laid on efficiency and the meeting be shortened.

Ann, T.K., vice-chairman of the Committee for Drafting the Basic Law for the Hong Kong Special Administrative Region, said that the central government pays much attention to Hong Kong and Macao. This is reflected in the fact that people from Hong Kong and Macao alone take 67 seats on this 2,081-member CPPCC National Committee, he said.

Lau Lai Keung, Ng Tor-tai, Kan Fook Yee, K.C. Mun and Wang Heng also spoke in today's discussion.

64 Members From Taiwan

OW261615 Beijing In Mandarin to Taiwan 0400 GMT 25 Mar 88

[Text] Sixty-four Taiwan compatriots now serve as members of the Seventh CPPCC National Committee, which is holding its first session in Beijing. The CPPCC National Committee now has the largest number of committee members from Taiwan since its establishment.

Members' Activities Reported

OW271648 Beijing XINHUA in English 1545 GMT 27 Mar 88

[Text] Beijing, March 27 (XINHUA)—Como, a Tibetan member of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), went to a local tailor's earlier this morning for a Western-style suit.

She and her daughter, a student of the Central Institute for Nationalities, spent more than one hour there and bought a Western-style suit of light brown color.

She is one of the more than 20 members to the current session of the Seventh National Committee of the CPPCC from the Tibet Autonomous Region and they all went shopping this morning.

A number of CPPCC members, who are also leading Catholics in China, went to Nantang (South Cathedral) down town Beijing to spend their Palm Sunday together with some 2,000 fellow Catholics here.

They were Bishop Fu Tieshan from Beijing Parish, Liu Jinghe from Tangshan Parish, Hebei Province, Liu Yajing from Luohe City, Henan Province, and Lu Weidou from Shanghai.

56-year old Fu Tieshan, who presided over the ceremony, said: "Some foreigners do not know or misunderstand China's policy with regard to the country's religous affairs."

"In fact, China follows an open religion policy and the Chinese people enjoy the freedom of religous belief," he added.

Some 150 members of the Revolutionary Committee of the Chinese Kuomintang Qho are here attending the current session of the Seventh National Committee of the CPPCC gathered at a tea party. With Zhu Xuefan, chairman of its Central Committee, taking the lead, many spoke of their impressions of the current CPPCC session.

Sitting around a table, Wang Xijue, Huang Zhecheng, Li Dawei and several others who flew back from Taiwan exchanged their views. "We can sit here and discuss the state affairs and don't have to worry about anything. In Taiwan it's impossible for me to do so," Wang Xijue said.

Hundreds of CPPCC members went sightseeing or called on their friends or relatives in Beijing.

Dissident Meets Newsmen

HK251515 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1352 GMT 24 Mar 88

[Text] Hong Kong, 24 Mar (ZHONGGUO TONGXUN SHE)—Speaking to newsmen today, Wu Zuguang, a member of the national CPPCC, said: The arrival of such a great number of Chinese and foreign newsmen to cover the national CPPCC session shows that they are very interested in the meeting. Therefore, I believe, it will be a very successful meeting. Wu made these remarks when he was interviewed by journalists in the lobby of the Great Hall of the People before he attended the opening ceremony of the national CPPCC session.

He said: "I have never 'shot off my month.' If you ask me now what I want to say, I can tell you that I will not think about what I should say until the meeting is convened. If I have something to say, I shall certainly speak out."

Referring to the struggle against liberalization last year, he noted: "Come what may, what I am longing for is freedom. There is freedom in China, but too many restrictions are imposed on it. I hope the scope of freedom will be widened as much as possible."

Giving his views on the situation and treatment of Fang Lizhi and Liu Binyan, who were expelled from the party in the struggle against liberalization, Wu Zuguang said: "If I had not been a CPPCC member, I would have not been elected this time. But I have been a member, so it was easy to be 'reelected.' In my opinion, it is only a matter of time before Fang Lizhi and others become members of the national CPPCC. They will be someday." He also said: "When I was in New York last year, I was asked why I, but not Liu Binyan, could visit the United States." I then said: "Liu Binyan shall certainly come, you can invite him again." Wu Zuguang continued: "You invited him last year. It was not the right time and there were many difficulties then. If you extend him another invitation, he will certainly be able to come. Now he has gone to the United States, hasn't he?"